



Mobile · Broadband · Media · International Service

4904 (TWSE)

2013 1Q Investor Update

Yvonne Li
President



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- I. Market Overview
- II. 2013 1Q Performance and Business Update
- III. Dividend Distribution

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Taiwan Mobile Market Market Dynamic

Market Update

- In 1Q13, despite negative impact from MTR, FET continued growing with...
- ✓ Mobile Service Rev up 3.5% YoY
- ✓ Mobile Data Rev up 32.6% YoY
- Overall mobile competitive landscape remains quite stable

Mobile Service Rev Share Change (1Q13 vs. 1Q12)

Operator	2012	2013
APBW+VIBO	13.1%	11.5%
TWM	27.3%	27.6%
FET	26.9%	27.3%
CHT	32.7%	33.6%




EBITDA Growth (1Q13 vs. 1Q12)

Operator	Growth
FET	6.1%
CHT	-1.4%
TWM	-1.7%

Net Income Growth (1Q13 vs. 1Q12)

Operator	Growth
FET	15.7%
CHT	-4.7%
TWM	-6.0%

Source: operators' factsheets and NCC stats



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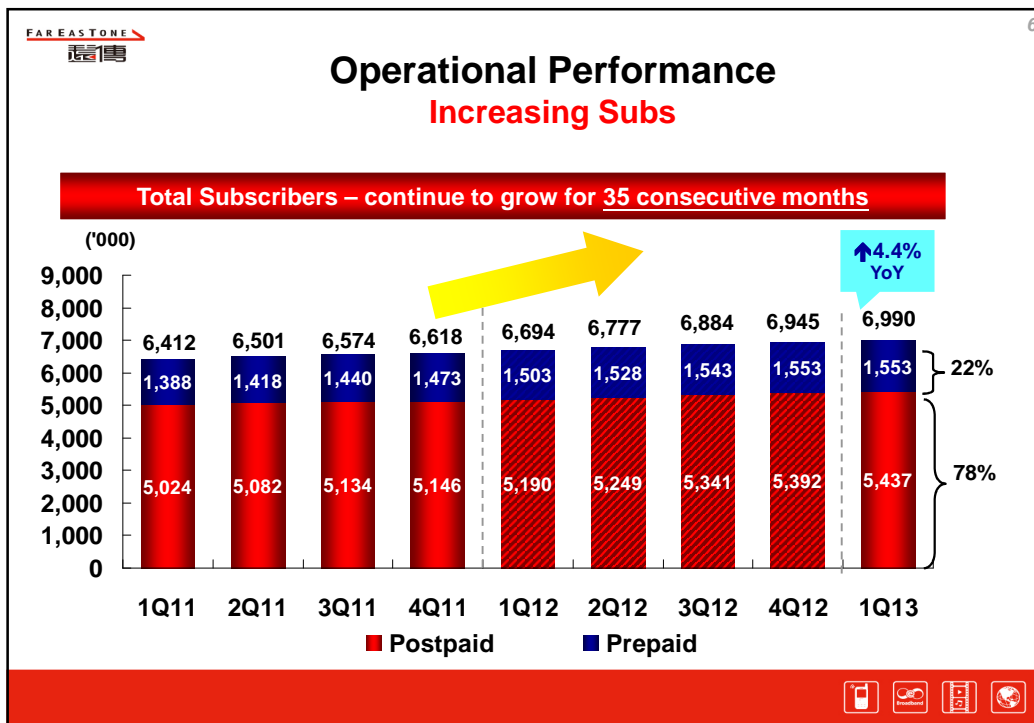
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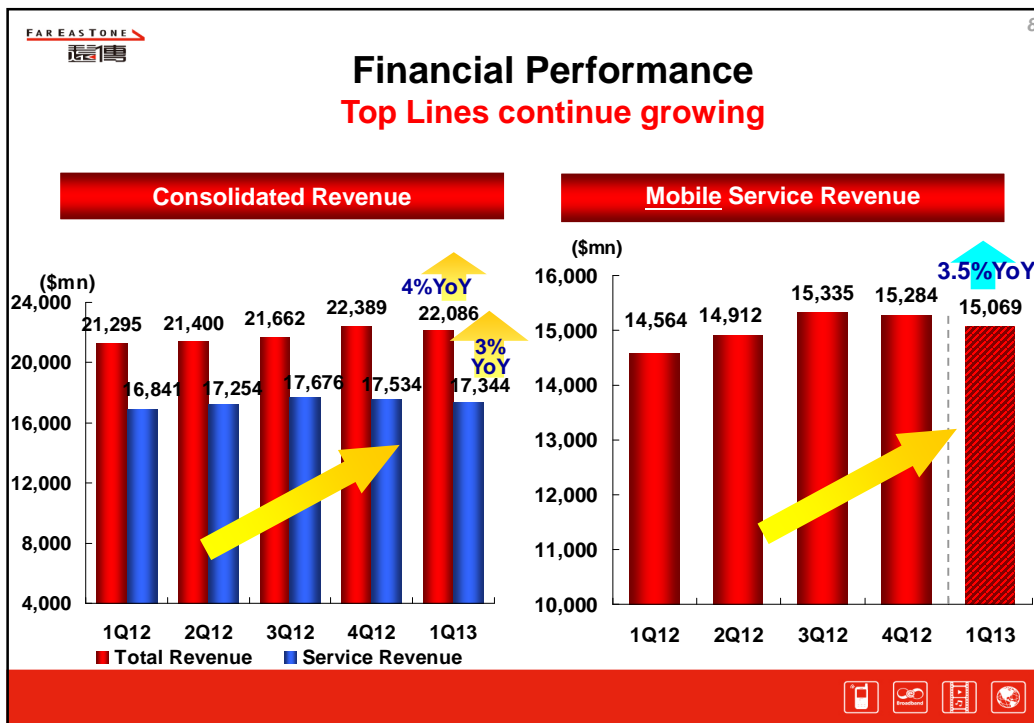
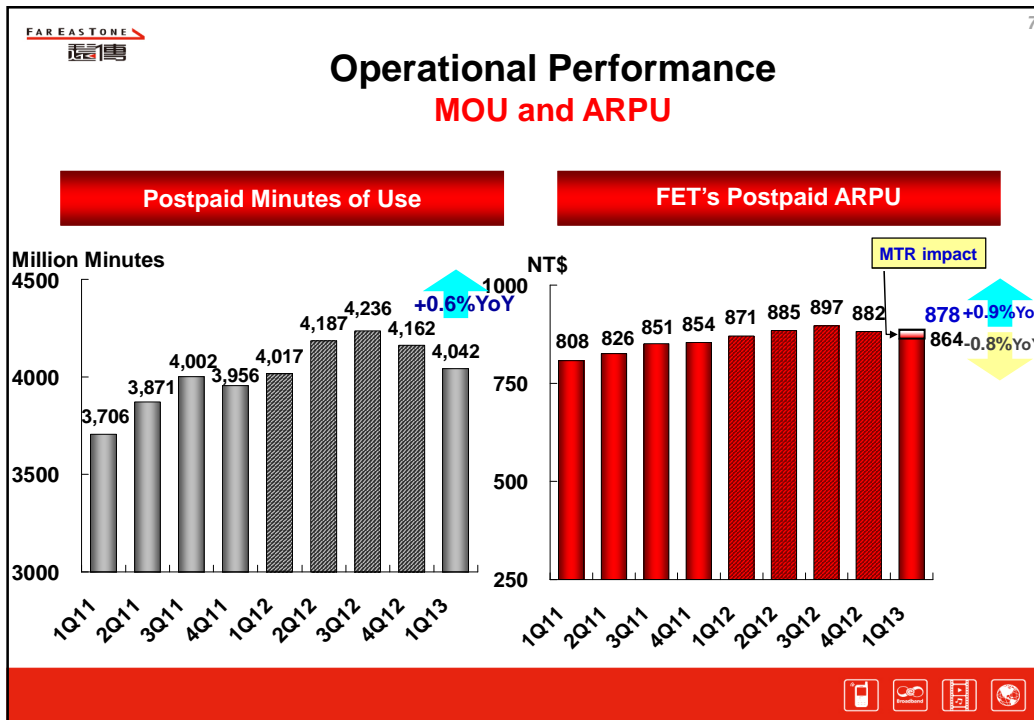
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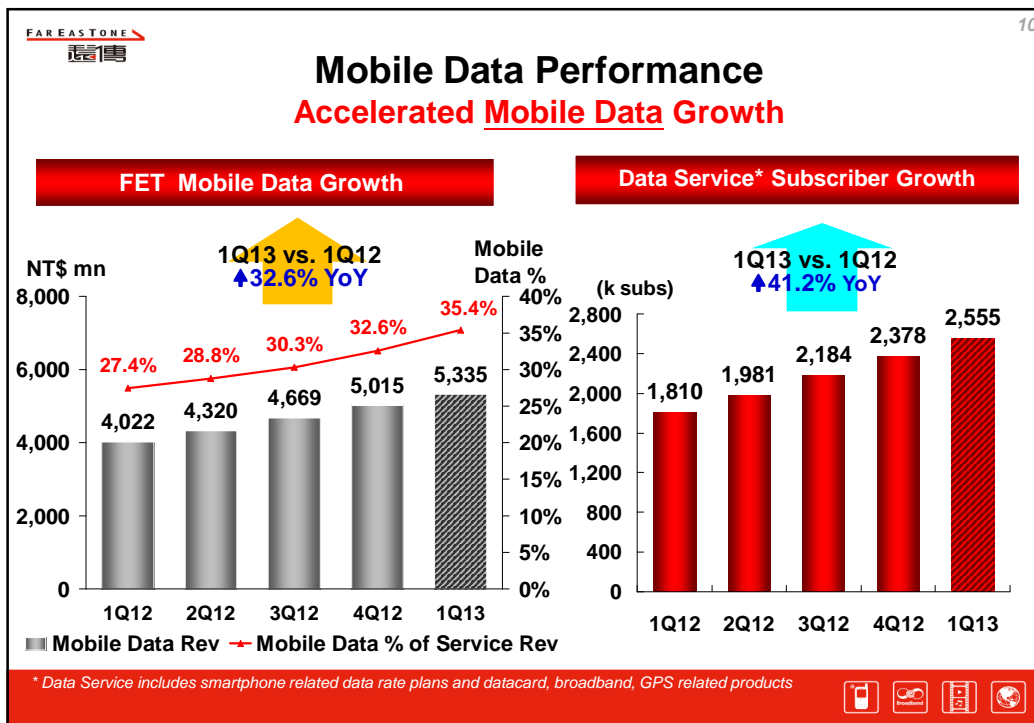
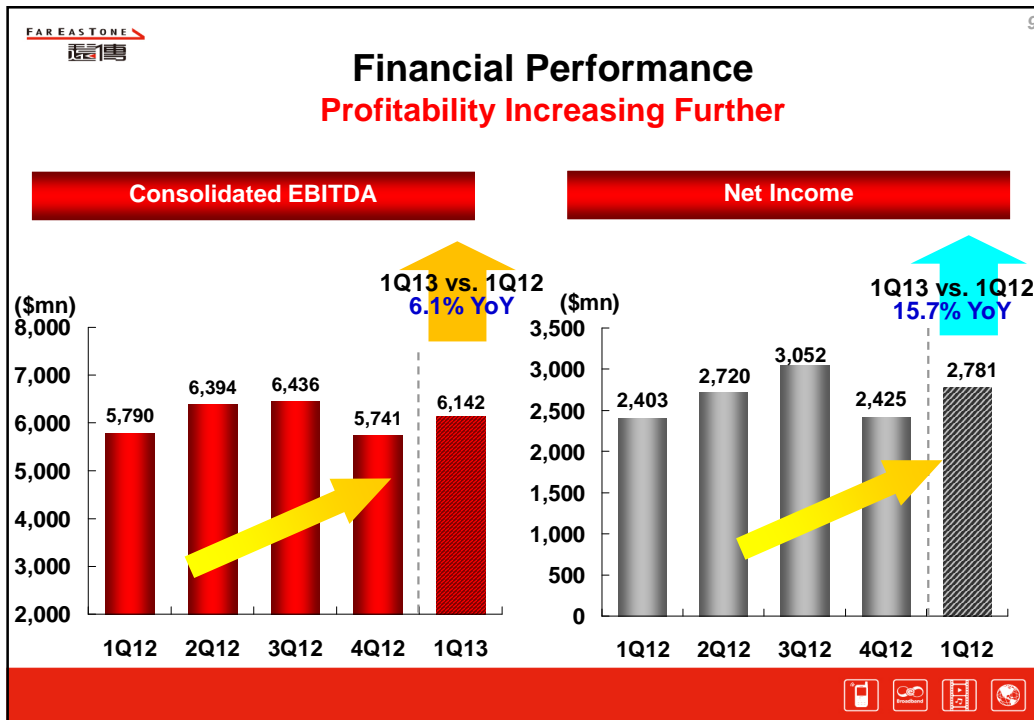
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* Data Service includes smartphone related data rate plans and datacard, broadband, GPS related products

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Consolidated Financial Achievement
Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	1Q13 Actual	1Q12 Actual	YoY %	1Q13 Forecast	Achievement %
▶ Total Revenue	22,086	21,295	↑4%	21,694	102%
▶ Service Revenue	17,344	16,841	↑3%	17,304	100%
▶ EBITDA	6,142	5,790	↑6%	5,861	105%
▶ Net Income	2,781	2,403	↑16%	2,528	110%
▶ EPS ⁽¹⁾	<u>\$0.85</u>	<u>\$0.74</u>	↑16%	<u>\$0.78</u>	110%

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

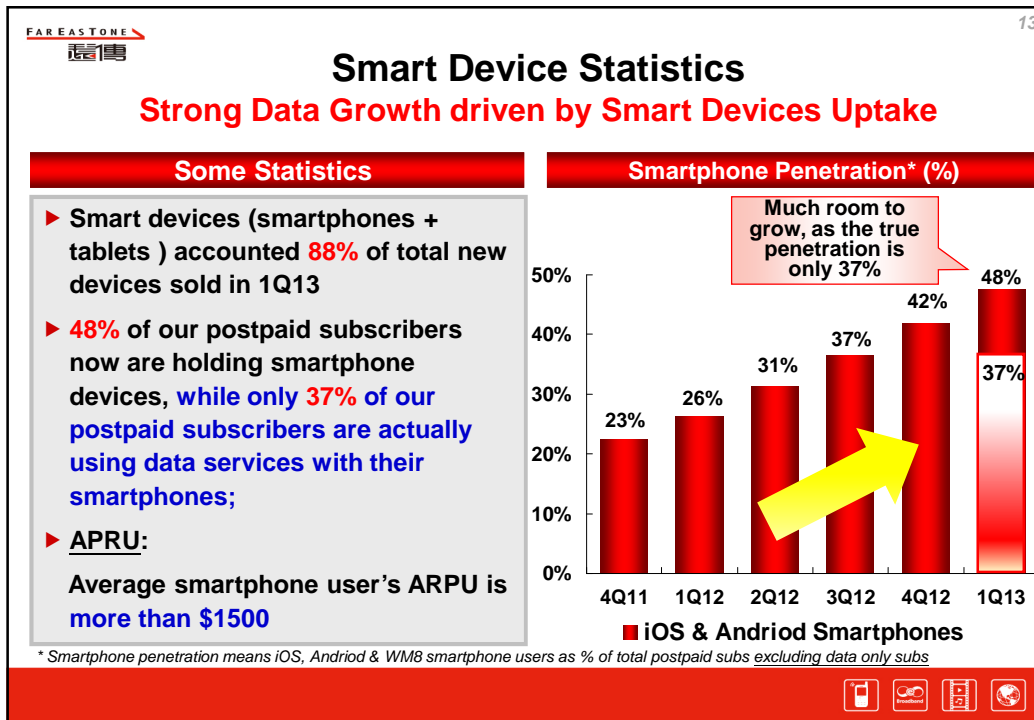
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Consolidated Financial
1Q13 Financial Stats

(NT\$ mm unless otherwise stated)

	As of 1Q13	As of 4Q12
Cash & Cash Equivalents	13,048	13,002
Available-for-Sale Financial Assets & Derivatives	2,719	2,320
Total Borrowing	1,217	1,247
Net Cash*	14,550	14,076
Shareholders' Equity	76,182	73,675
Debt/Capitalization Ratio		
— Gross (%)	1.6%	1.7%
— Net (%)	—	—
Free Cashflows – YTD**	1,548	14,803
Cash-based Capex – YTD	2,793	8,751
EPS(NT\$) – YTD	<u>\$0.85</u>	<u>\$3.25</u>

* Net Cash = Cash and Cash Equivalent + Available-for-Sale Financial Assets & Derivatives – Total Borrowing
** Free Cashflows = Operating Cash flow - acquisition of fixed-asset & intangible asset



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Business Cooperation Framework
The Agreement

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- As Taiwan laws and regulations have not yet permitted China investors to invest, the investment deal signed in April 2009 has been terminated, because the condition, terms and price are all very different now;
- FET and CMCC have established close business cooperation relationship, and based on the 'Business Cooperation Framework Agreement', we will continue exploring opportunities for long-term extensive cooperation between both parties in various fields;
- After the Taiwan regulations opening up the Type I telecom services, both parties may reconsider the possibility of equity cooperation.

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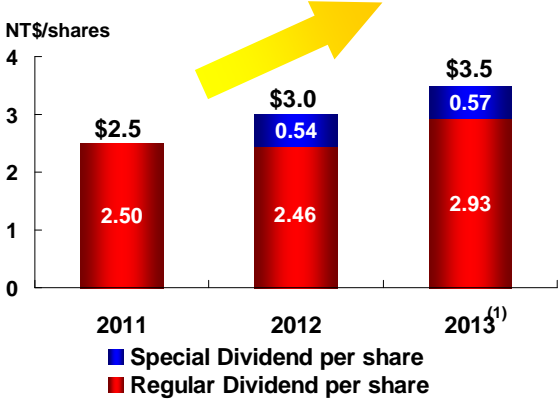

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Dividend Distribution

Good Track Record of Dividend Policy





Record High Cash Dividend to Shareholders




Year	Regular Dividend per share (NT\$)	Special Dividend per share (NT\$)	Total Dividend per share (NT\$)
2011	2.50	0.00	2.50
2012	2.46	0.54	3.00
2013 ⁽¹⁾	2.93	0.57	3.50

- ▶ Board approved a proposal to distribute **record high** cash dividend of **NT\$3.5 per share**; expected to be paid in 3Q13
- ▶ Consistent dividend policy with good track record

Source: Company data
 (1) 2013 Dividend subject to AGM's approval

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Q & A

For Further Information:

Websites	email
http://corporate.fetnet.net http://www.fetnet.net	Investor Relations IR@fareastone.com.tw

