



Mobile · Broadband · Media · International Service

4904 (TWSE)

2014 1Q Investor Update

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President



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- ▶ I. Market Overview
- II. 2014 1Q Performance
- III. Business Update






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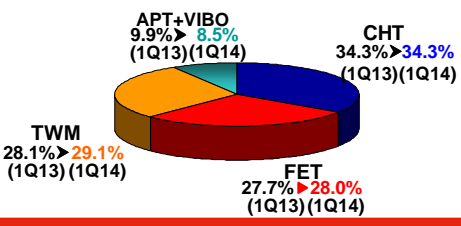
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Taiwan Mobile Market Market Dynamic

Market Update

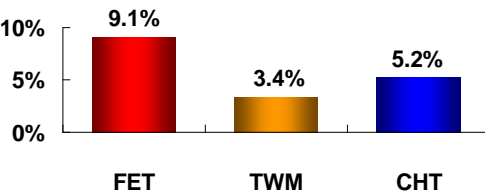
- For 1Q 2014, despite negative impact from MTR, FET continued growing with...
 - ✓ Mobile Service Rev up 2.4% YoY
 - ✓ Mobile Data Rev up 21.3% YoY
- Overall mobile competitive landscape remains quite stable

Mobile Service Rev Share Change (1Q14 vs. 1Q13)



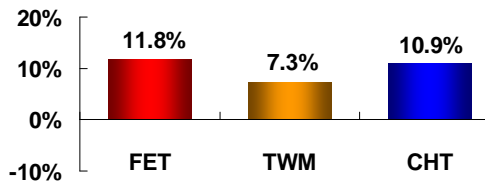
Company	1Q13	1Q14
TWM	28.1%	29.1%
FET	27.7%	28.0%
CHT	34.3%	34.3%

EBITDA Growth (1Q14 vs. 1Q13)







Company	Growth (%)
FET	9.1%
TWM	3.4%
CHT	5.2%

Net Income Growth (1Q14 vs. 1Q13)



Company	Growth (%)
FET	11.8%
TWM	7.3%
CHT	10.9%

Source: Mobile service revenues of FET, CHT, TWM, APT from company's factsheet, Vibo's from Taiwan M.O.P.S. reported revenue deduct estimated equipment revenue. Y2013 market share % has been restated.

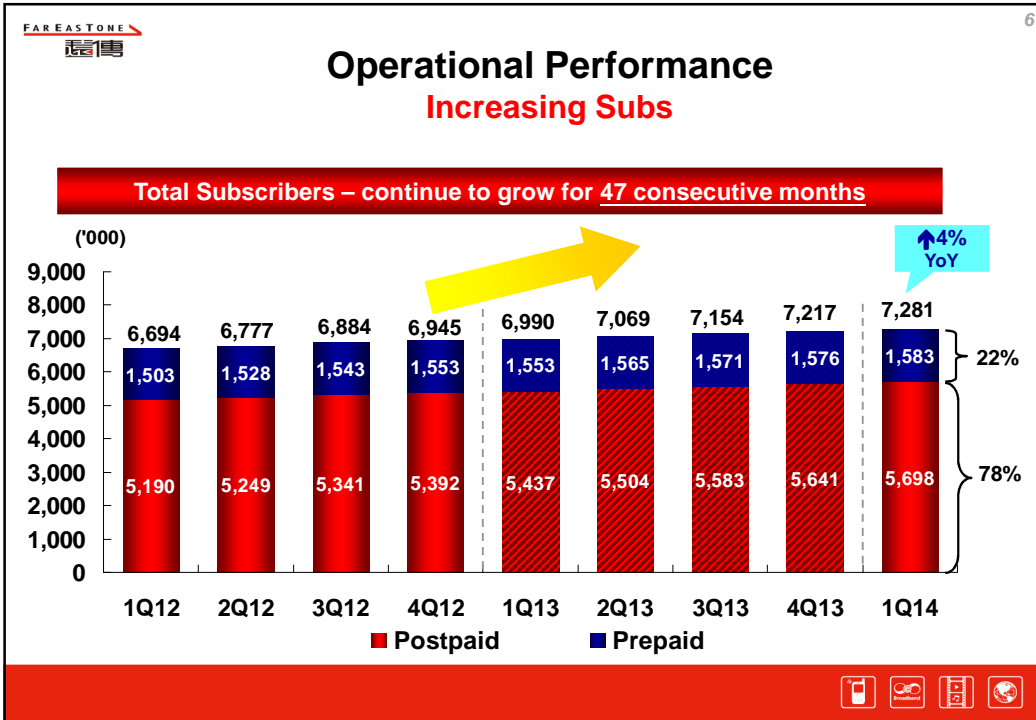





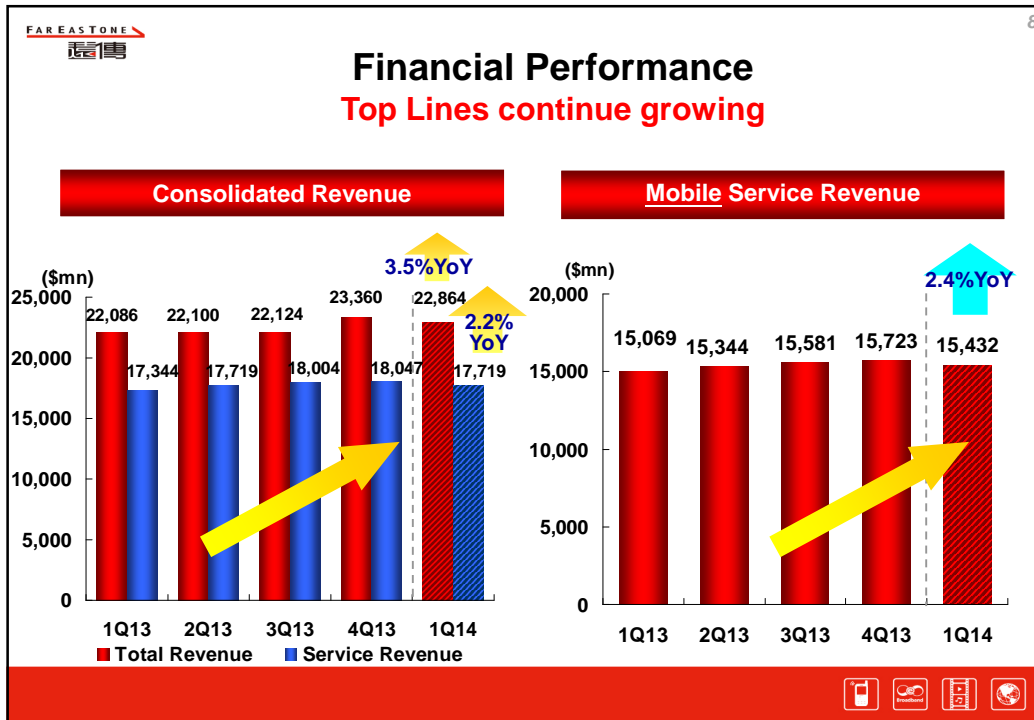
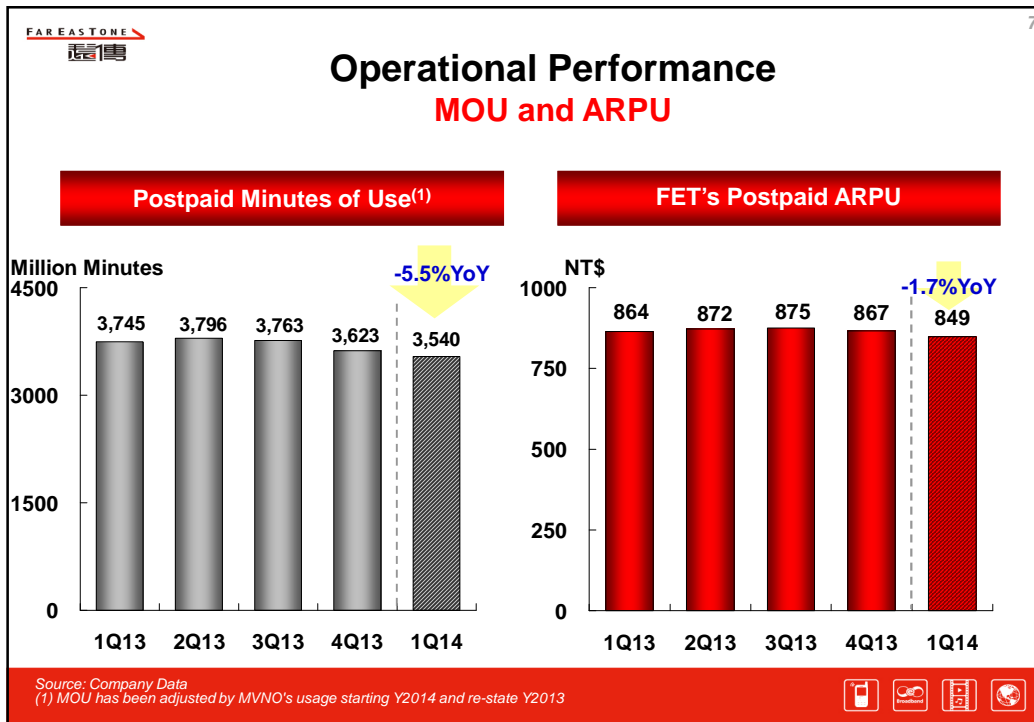
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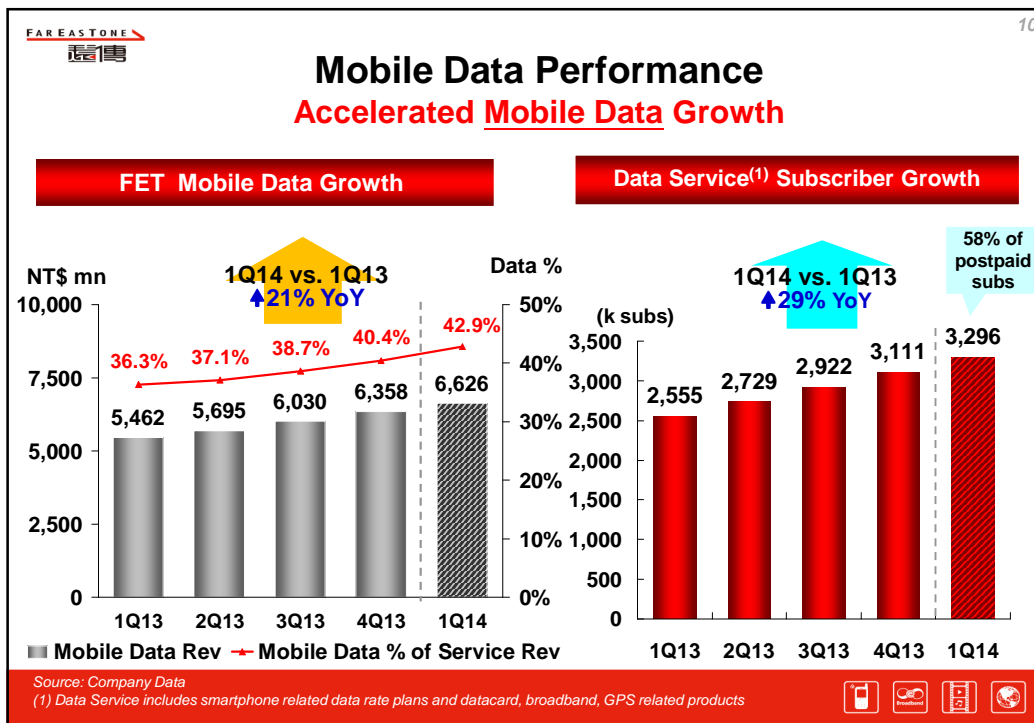
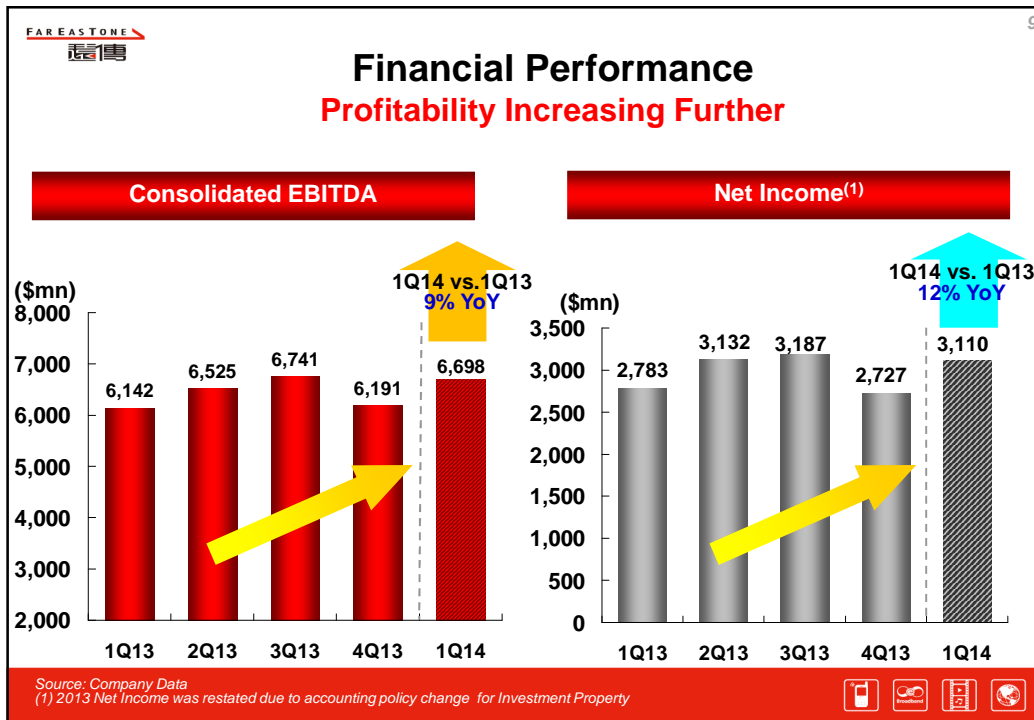
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Consolidated Financial Achievement
Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	1Q14 Actual	1Q13 Actual	YoY %	1Q14 Forecast	Achievement %
▶ Total Revenue	22,864	22,086	↑4%	23,059	99%
▶ Service Revenue	17,719	17,344	↑2%	17,735	100%
▶ EBITDA	6,698	6,142	↑9%	6,527	103%
▶ Net Income ⁽¹⁾	3,110	2,783	↑12%	2,874	108%
▶ EPS	<u>\$0.95</u>	<u>\$0.85</u>	↑12%	<u>\$0.88</u>	108%

Source: Company Data
(1) 2013 Net Income and EPS were restated due to accounting policy change for Investment Property

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Consolidated Financial
1Q14 Financial Stats

(NT\$ mm unless otherwise stated)	As of 1Q14	As of 4Q13
Cash & Cash Equivalents	8,226	4,142
Available-for-Sale Financial Assets & Derivatives	838	811
Total Borrowing	22,247	22,389
Net Cash (Net Debt) ⁽¹⁾	(13,183)	(17,437)
Shareholders' Equity	77,380	74,235
Debt/Capitalization Ratio		
– Gross (%)	22.3%	23.2%
– Net (%)	13.2%	18.0%
Free Cashflows – YTD ⁽²⁾	4,201	11,389
Cash-based Capex – YTD	3,196	10,513
EPS(NT\$) – YTD ⁽³⁾	<u>\$0.95</u>	<u>\$3.63</u>

(1) Net Cash = Cash and Cash Equivalent + Available-for-Sale Financial Assets & Derivatives + Debt investments with no active market – Total Borrowing
(2) Free Cashflows = Operating Cash Flow - acquisition of fixed-asset & intangible asset
(3) 2013 EPS was restated due to accounting policy change for Investment Property

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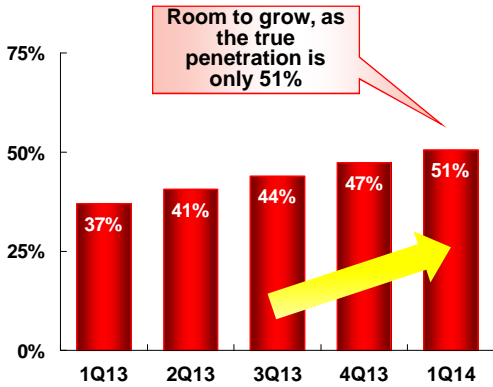
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Smart Device Statistics

Strong Data Growth driven by Smart Devices Uptake

Some Statistics	Smartphone Penetration* (%)												
<ul style="list-style-type: none"> ▶ Smart devices (smartphones + tablets) accounted 95% of total new devices sold in 1Q14 ▶ 51% of our postpaid subscribers are actually holding smartphones and signing up data rate plans 	 <table border="1"> <caption>Smartphone Penetration* (%)</caption> <thead> <tr> <th>Quarter</th> <th>Smartphone takers w/ data plans (%)</th> </tr> </thead> <tbody> <tr> <td>1Q13</td> <td>37%</td> </tr> <tr> <td>2Q13</td> <td>41%</td> </tr> <tr> <td>3Q13</td> <td>44%</td> </tr> <tr> <td>4Q13</td> <td>47%</td> </tr> <tr> <td>1Q14</td> <td>51%</td> </tr> </tbody> </table> <p style="text-align: center;">■ Smartphone takers w/ data plans</p>	Quarter	Smartphone takers w/ data plans (%)	1Q13	37%	2Q13	41%	3Q13	44%	4Q13	47%	1Q14	51%
Quarter	Smartphone takers w/ data plans (%)												
1Q13	37%												
2Q13	41%												
3Q13	44%												
4Q13	47%												
1Q14	51%												

Note: * smartphone penetration means iOS, Android & WM8 smartphone users with data rate plan as % of total postpaid subs excluding data only subs



**2014 Q1
Awards and Recognitions**

▶ The 4th Asian Excellence Recognition Awards 2014 from Corporate Governance Asia Magazine

- ✓ *Asia's Best CEO* ✓ *Best Investor Relations Company*
- ✓ *Asia's Best CFO* ✓ *Best Investor Relations Officer*

▶ 2014 Corporate Social Responsibility Award: Expert in Electricity Saving from Global Views Monthly

▶ Broadband Speed Enhancement in Remote Area Award from NCC

▶ Laurelled Premium Award in Power Brand from Manager Today




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Q & A

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