



Mobile · Broadband · Media · International Service

4904 (TWSE)

2014 2Q Investor Update

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President



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- ▶ **I. Market Overview**
- II. 2014 2Q Performance**
- III. Business Update**

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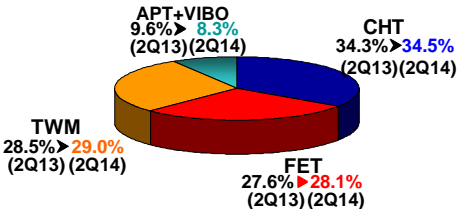
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Taiwan Mobile Market Market Dynamic

Market Update

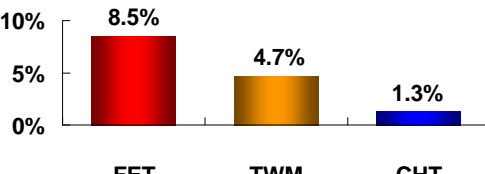
- For 2Q 2014, despite negative impact from MTR, FET continued growing with...
- ✓ **Mobile Service Rev up 2.0% YoY**
- ✓ **Mobile Data Rev up 20.6% YoY**
- Overall mobile competitive landscape remains quite stable

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



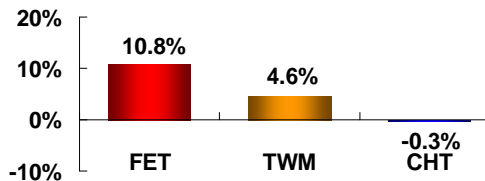
Company	2Q13	2Q14
TWM	28.5%	29.0%
FET	27.6%	28.1%
CHT	34.3%	34.5%
APT+VIBO	9.6%	8.3%

EBITDA Growth (2Q14 vs. 2Q13)



Company	Growth (%)
FET	8.5%
TWM	4.7%
CHT	1.3%


Net Income Growth (2Q14 vs. 2Q13)



Company	Growth (%)
FET	10.8%
TWM	4.6%
CHT	-0.3%

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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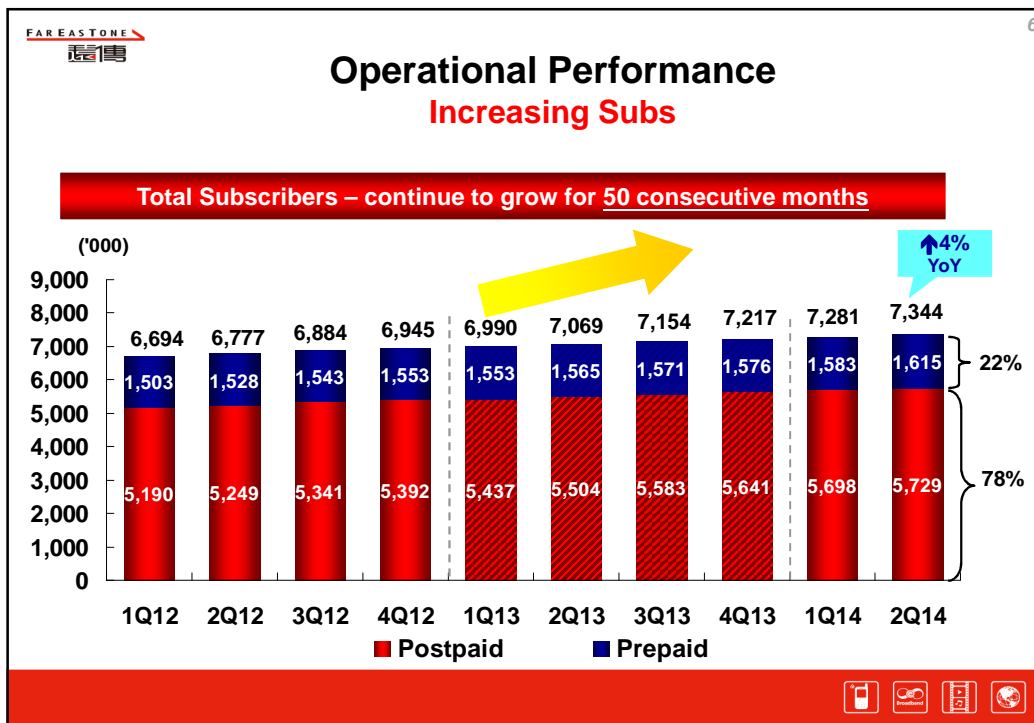


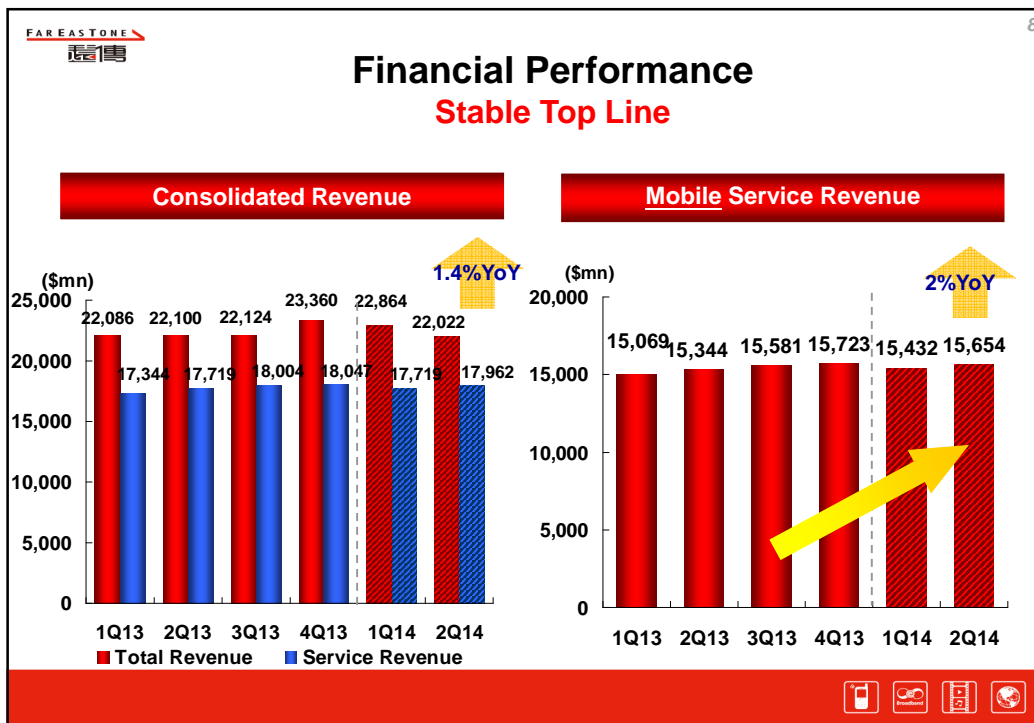
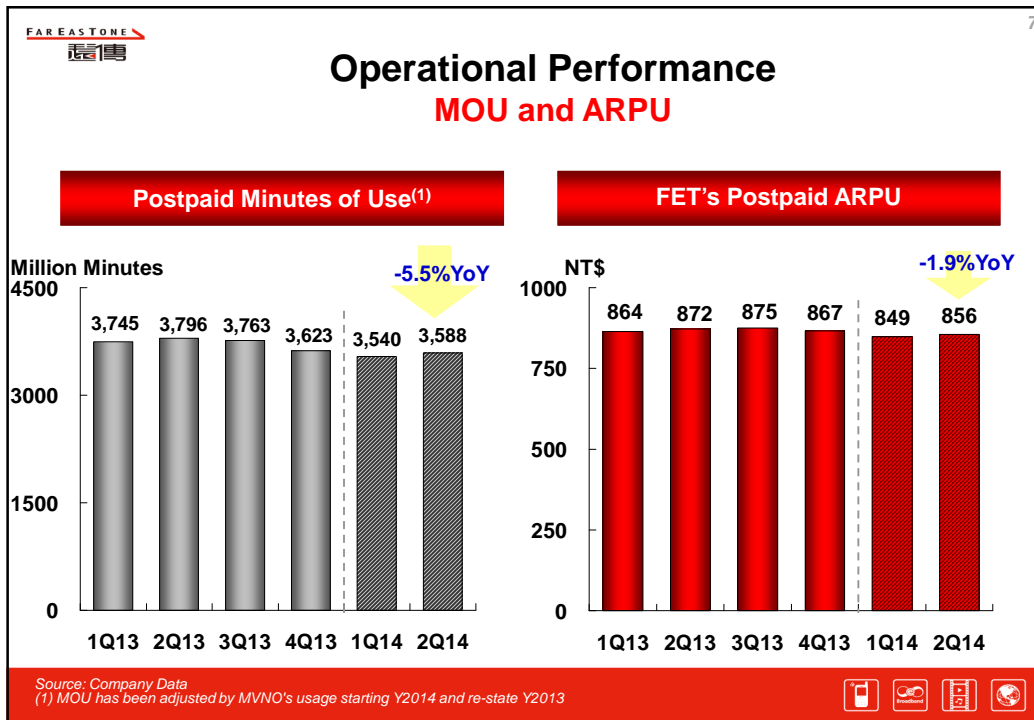
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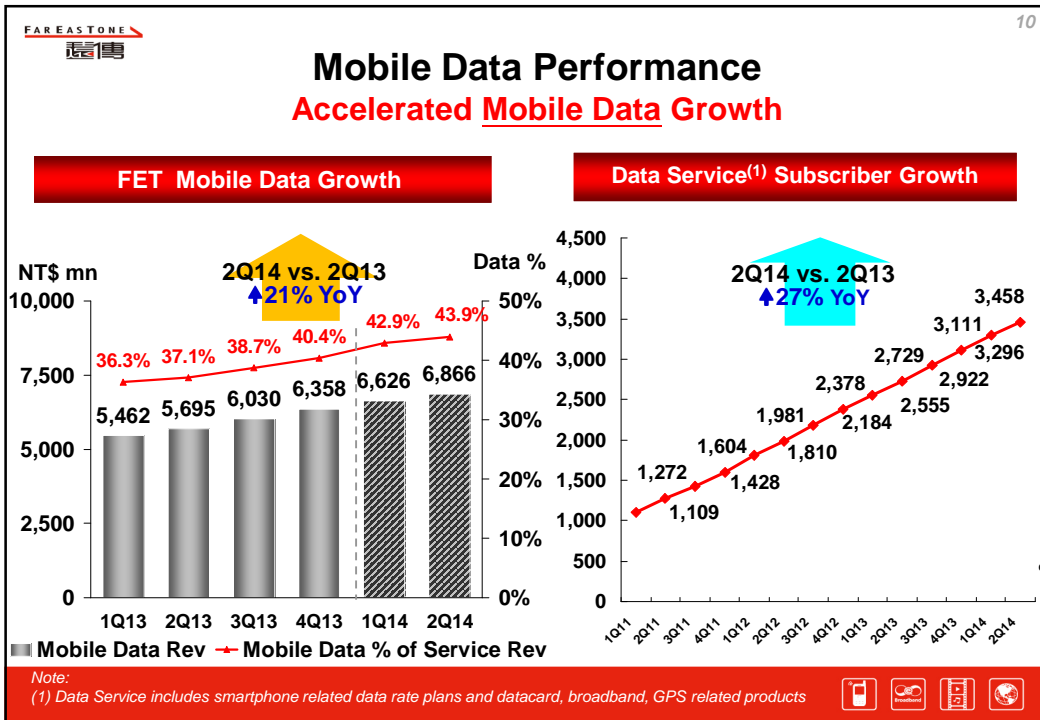
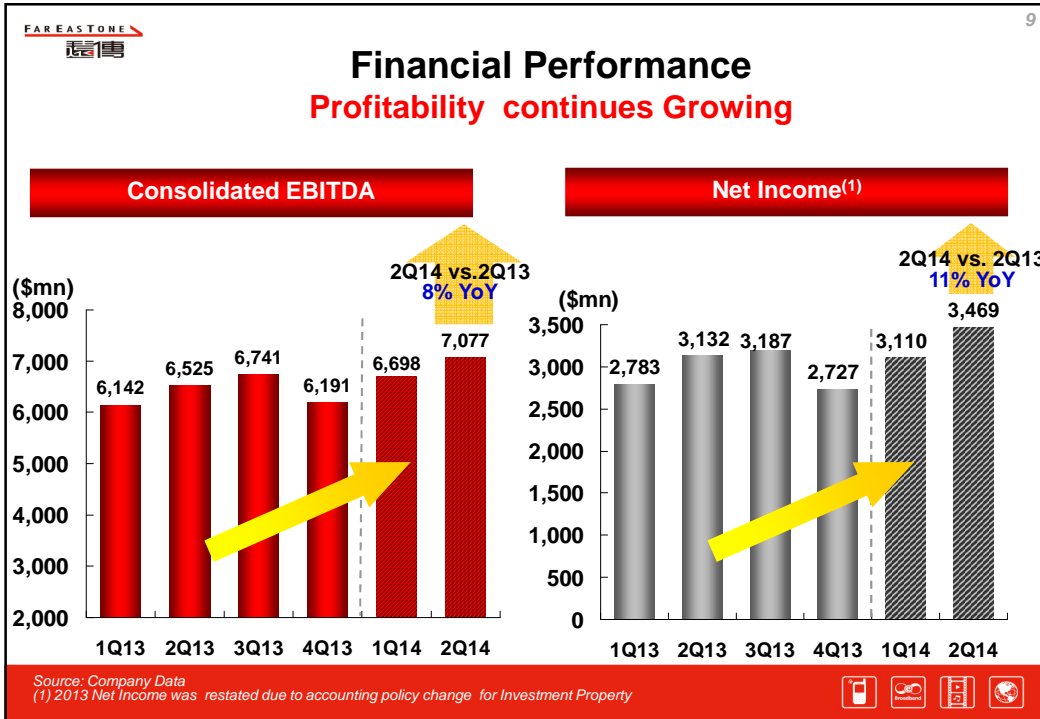
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Consolidated Financial Achievement
2Q'14 Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	2Q14 Actual	2Q13 Actual	YoY %	2Q14 Forecast	Achievement %
▶ Total Revenue	22,022	22,101	▼0.4%	22,401	98%
▶ Service Revenue	17,962	17,719	▲1%	17,918	100%
▶ EBITDA	7,077	6,525	▲8%	6,642	107%
▶ Net Income ⁽¹⁾	3,469	3,132	▲11%	2,997	116%
▶ EPS ⁽²⁾	<u>\$1.06</u>	<u>\$0.96</u>	▲11%	<u>\$0.92</u>	116%

Source: Company Data
 (1) 2013 Net Income and EPS were restated due to accounting policy change for Investment Property
 (2) EPS was based on current outstanding shares of 3,258,501K

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Consolidated Financial Achievement
1H'14 Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	1H14 Actual	1H13 Actual	YoY %	1H14 Forecast	Achievement %
▶ Total Revenue	44,887	44,186	▲2%	45,460	99%
▶ Service Revenue	35,681	35,063	▲2%	35,653	100%
▶ EBITDA	13,775	12,666	▲9%	13,169	105%
▶ Net Income	6,579	5,915	▲11%	5,871	112%
▶ EPS ⁽¹⁾	<u>\$2.02</u>	<u>\$1.82</u>	▲11%	<u>\$1.80</u>	112%

Source: Company Data
 (1) 2013 Net Income and EPS were restated due to accounting policy change for Investment Property
 (2) EPS was based on current outstanding shares of 3,258,501K

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**Consolidated Financial
2Q14 Financial Stats**

(NT\$ mm unless otherwise stated)

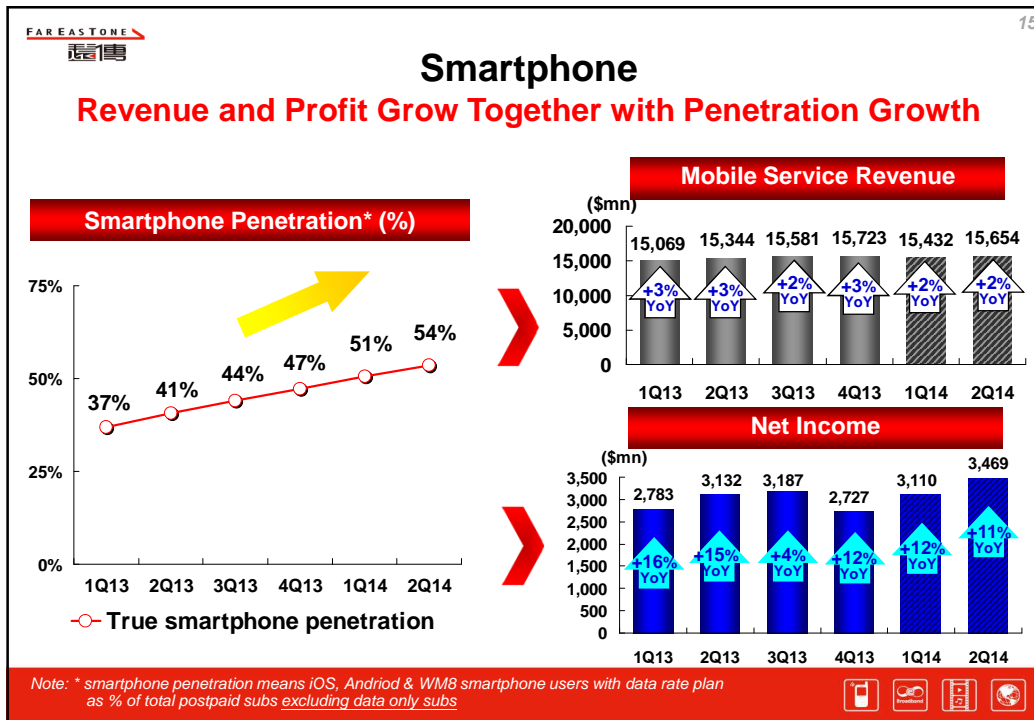
	As of 2Q14	As of 1Q14
Cash & Cash Equivalents	19,482	8,226
Available-for-Sale Financial Assets & Derivatives	751	838
Total Borrowing	30,587	22,247
Net Debt⁽¹⁾	10,353	13,183
Shareholders' Equity	68,507	77,380
Debt/Capitalization Ratio		
— Gross (%)	30.9%	22.3%
— Net (%)	10.4%	13.2%
Free Cashflows – YTD⁽²⁾	7,502	4,201
Cash-based Capex – YTD	6,317	3,196
EPS(NT\$) – YTD	<u>\$2.02</u>	<u>\$0.95</u>

(1) Net Debt= Total Borrowing – (Cash and Cash Equivalent +Available-for-Sale Financial Assets & Derivatives +Debt investments with no active market)
(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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4G Update 遠傳 4G LTE

FET launched 4G on June 3rd, 2014

- **Band:** launch on **700MHz** first with widest coverage and penetration
- **Devices:** more than 20 4G LTE devices, including Samsung, HTC, LG, SONY...etc
- **Initial coverage:** 7 metro cities and 16 scenery spots
- **Pricing:** volume based data tier-pricing + limited voice
- **Roaming:** allied with Vodafone + Conexus for international roaming in 7 regions

4G Deployment Plan and Target

- Will soon have **1800MHz** band before end of Sep
- Will reach around 95% population coverage by end of 2014
- Optimistic on ARPU uplift
- Subscriber target: expect to reach 400-500K subscribers by end of 2014

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Q & A

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