



Mobile · Broadband · Media · International Service

4904 (TWSE)

2014 3Q Investor Update

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Agenda

- ▶ **I. Market Overview**
- II. 2014 3Q Performance**
- III. Business Update**

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Taiwan Mobile Market Market Dynamic

Market Update

- For 3Q 2014, despite negative impact from MTR, FET continued growing with...
- ✓ **Mobile Service Rev up 2.6% YoY**
- ✓ **Mobile Data Rev up 17.7% YoY**
- Overall mobile competitive landscape remains quite stable

Mobile Service Rev Growth
(1-3Q14 vs. 1-3Q13)

Company	Growth (%)
FET	2.3%
TWM	2.0%
CHT	0.7%

Mobile Service Rev Share Change
(3Q14 vs. 3Q13)


Company	3Q13 (%)	3Q14 (%)
APT+VIBO	9.0%	8.1%
CHT	34.6%	34.8%
TWM	28.8%	28.8%
FET	27.6%	28.3%

Net Income Growth
(1-3Q14 vs. 1-3Q13)

Company	Growth (%)
FET	3.7%
TWM	-0.6%
CHT	0.2%

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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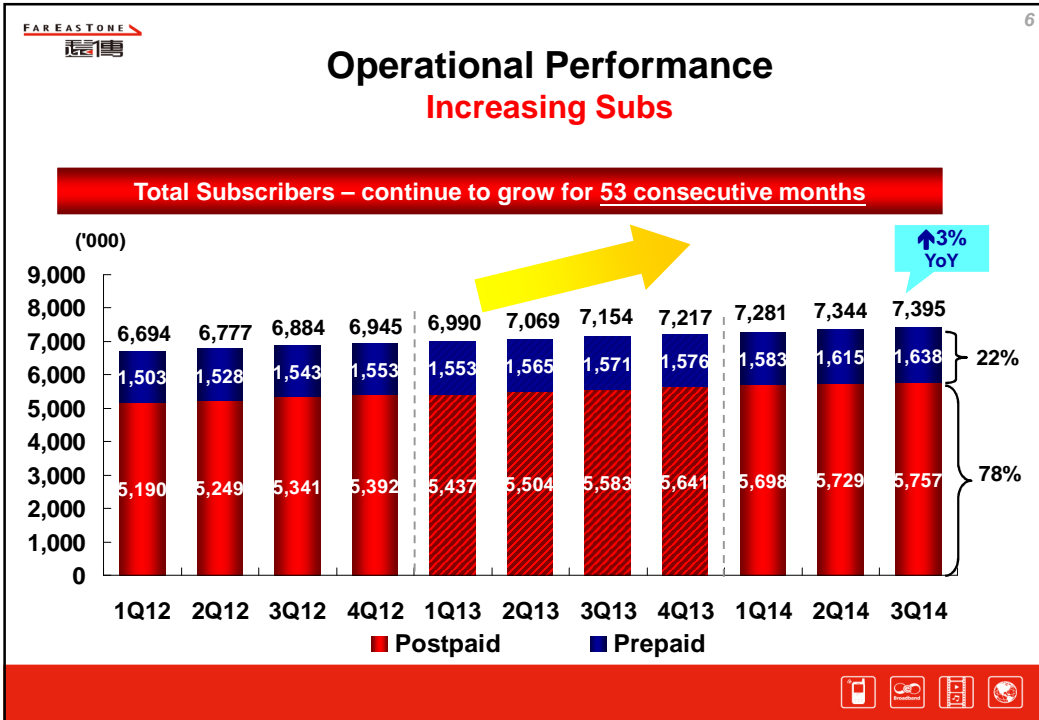


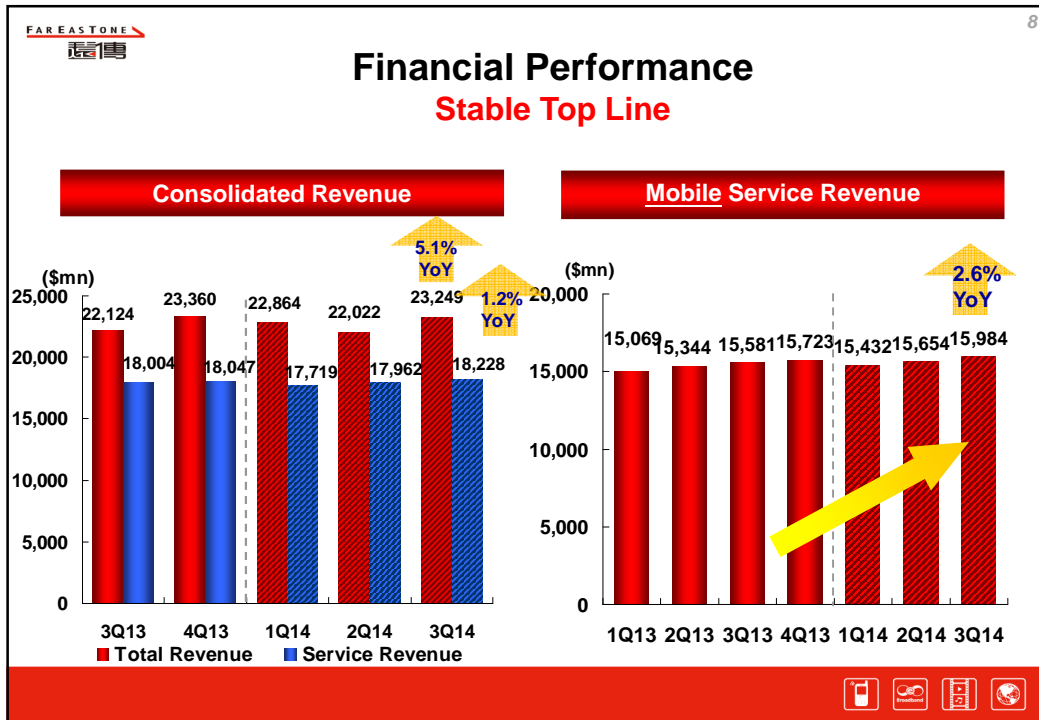
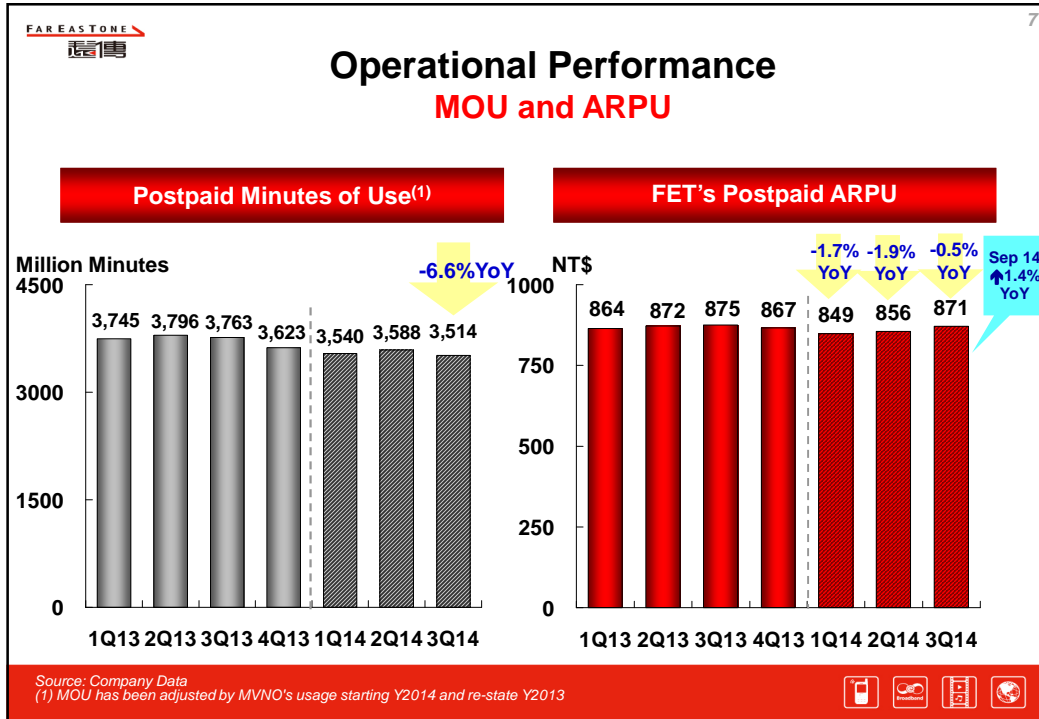
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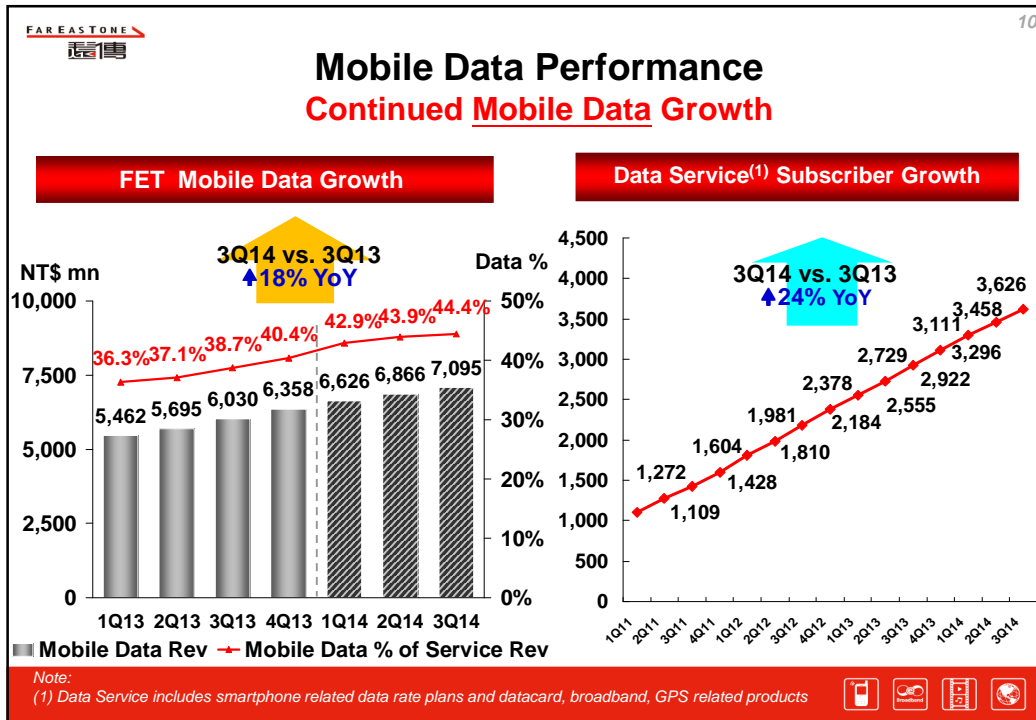
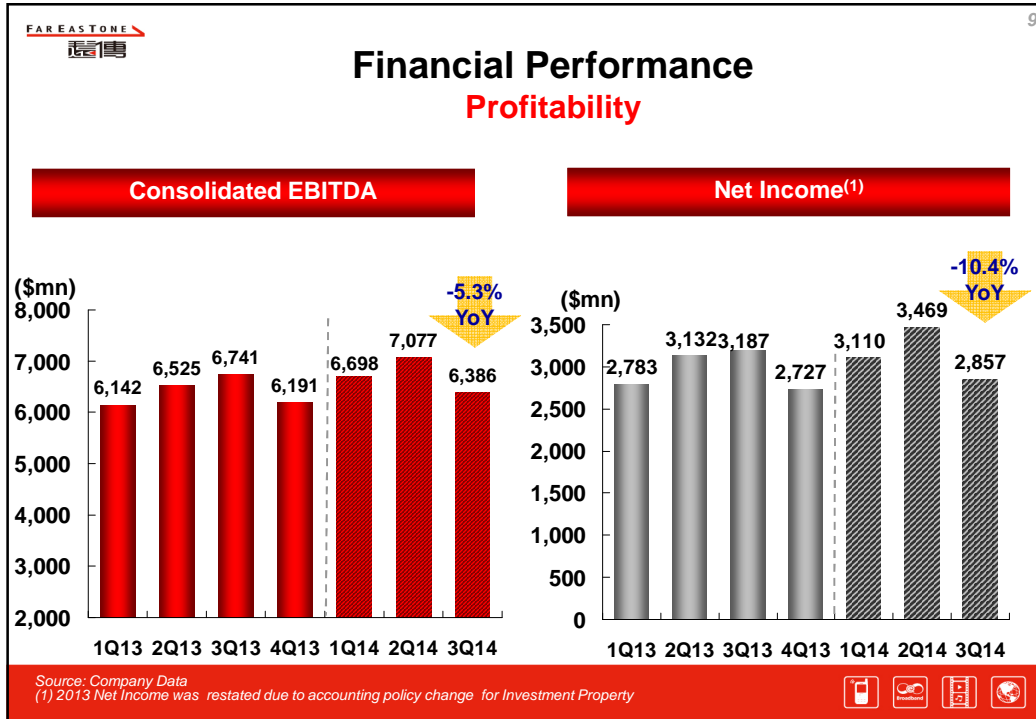
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Consolidated Financial Achievement
3Q'14 Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	3Q14 Actual	3Q13 Actual	YoY %	3Q14 Forecast	Achievement %
▶ Total Revenue	23,249	22,124	↑5%	23,252	100%
▶ Service Revenue	18,228	18,004	↑1%	18,384	99%
▶ EBITDA	6,386	6,741	↓5%	6,499	98%
▶ Net Income ⁽¹⁾	2,857	3,187	↓10%	2,704	106%
▶ EPS ⁽²⁾	<u>\$0.88</u>	<u>\$0.98</u>	↓10%	<u>\$0.83</u>	106%

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
1-3Q'14 Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	1-3Q14 Actual	1-3Q13 Actual	YoY %	1-3Q14 Forecast	Achievement %
▶ Total Revenue	68,136	66,311	↑3%	68,712	99%
▶ Service Revenue	53,909	53,067	↑2%	54,037	100%
▶ EBITDA	20,161	19,408	↑4%	19,668	103%
▶ Net Income	9,436	9,102	↑4%	8,575	110%
▶ EPS ⁽¹⁾	<u>\$2.90</u>	<u>\$2.79</u>	↑4%	<u>\$2.63</u>	110%

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
3Q14 Financial Stats**

(NT\$ mm unless otherwise stated)

	As of 3Q14	As of 2Q14
Cash & Cash Equivalents	9,689	19,482
Available-for-Sale Financial Assets & Derivatives	711	751
Total Borrowing	29,839	30,587
Net Debt⁽¹⁾	19,439	10,353
Shareholders' Equity	71,428	68,507
Debt/Capitalization Ratio		
— Gross (%)	29.5%	30.9%
— Net (%)	19.2%	10.4%
Free Cashflows – YTD ⁽²⁾	10,697	7,502
Cash-based Capex – YTD	9,632	6,317
EPS(NT\$) – YTD	<u>\$2.90</u>	<u>\$2.02</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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Smart Device Statistics

Strong Data Growth driven by Smart Devices Uptake

Some Statistics

- ▶ Smart devices (smartphones + tablets) accounted **97%** of total new devices sold in 3Q14
- ▶ **57%** of our postpaid subscribers are actually holding smartphones and signing up data rate plans

Smartphone Penetration* (%)

Quarter	Penetration (%)
1Q13	37%
2Q13	41%
3Q13	44%
4Q13	47%
1Q14	51%
2Q14	54%
3Q14	57%

○ True smartphone penetration

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

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FET 4G Update

- ▶ **FET: Leading position in 4G subscriber acquisition and revenue growth** while Taiwan is experiencing the fastest 4G take-up in the world.
- ▶ **Band:** Pair band **700MHz + 1800MHz** for better coverage and capacity
- ▶ **Coverage:**
 - More than 95% population coverage by end of 2014
 - Will reach similar coverage as current 3G by mid-2015
- ▶ **4G subs:**
 - As of Sep: 410K
 - 70-80% from existing customer upgrade
- ▶ **Initial ARPU:** monthly bill on the same customer base uplift by 6-10%

Taiwan 4G Subscriber

Month	FET 4G subs	Taiwan 4G subs (from NCC)	Total
May-14	3	0	3
Jun-14	104	0	104
Jul-14	120	224	344
Aug-14	254	389	643
Sep-14	410	759	1,169

■ Taiwan 4G subs (from NCC)
■ FET 4G subs





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Management Highlight
Key Message

- ▶ FET demonstrate the **strongest revenue momentum in 3Q** which attributed to 4G subscriber take-up and revenue contribution
- ▶ Confident to **achieve 2014 company guidance**
- ▶ Consistent dividend policy with **100%+ payout**

Mobile Service Rev YoY (%)

Month	FET (%)	CHT (%)	TWM (%)
Jun-14	1.9%	-1.3%	0.3%
Jul-14	1.9%	0.0%	-0.2%
Aug-14	1.8%	-0.5%	-0.8%
Sep-14	4.1%	0.6%	-0.2%

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Q & A

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