




Mobile · Broadband · Media · International Service

4904 (TWSE)
2015 3Q Investor Update

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President



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Agenda

- ▶ **I. Market Overview**
- II. 2015 3Q Performance**
- III. Business Update**

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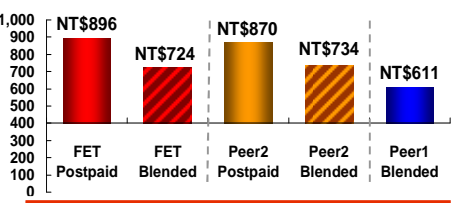


Taiwan Mobile Market Market Dynamic

Company Performance

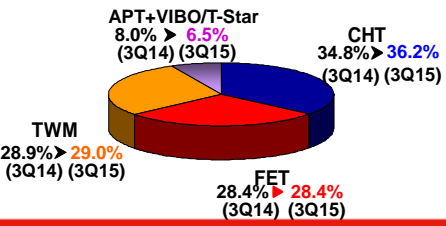
- FET's performance in 3Q'15:
- ✓ Mobile Service Rev \$16,115mn ↑1% yoy
- ✓ EBITDA \$7,108mn ↑11% yoy
- ✓ Net Income \$3,215mn ↑13% yoy
- Overall mobile competitive landscape remains quite stable

Mobile ARPU Comparison (3Q15)



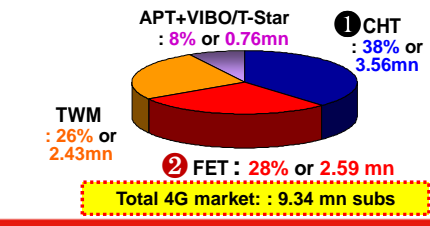
FET Postpaid	FET Blended	Peer2 Postpaid	Peer2 Blended	Peer1 Blended
NT\$896	NT\$724	NT\$870	NT\$734	NT\$611

Mobile Service Rev Share Change (3Q15 vs. 3Q14)



APT+VIBO/T-Star	CHT	TWM	FET
8.0% → 6.5% (3Q14) (3Q15)	34.8% → 36.2% (3Q14) (3Q15)	28.9% → 29.0% (3Q14) (3Q15)	28.4% → 28.4% (3Q14) (3Q15)

4G Sub Market Share (3Q15)



APT+VIBO/T-Star	CHT	TWM
8% or 0.76mn (3Q14) (3Q15)	38% or 3.56mn	26% or 2.43mn

② FET : 28% or 2.59 mn

Total 4G market: 9.34 mn subs

Source: Companies' factsheets, MOPS and NCC websites


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Operational Performance

Stabilized Total Subs with Increasing 4G Users

More Subs Upgraded to 4G

Quarter	2G	3G	4G	Total
3Q14	554	6,431	410	7,395
4Q14	488	5,984	917	7,389
1Q15	292	5,593	1,474	7,359
2Q15	176	5,226	2,042	7,411
3Q15	100	4,759	2,588	7,447

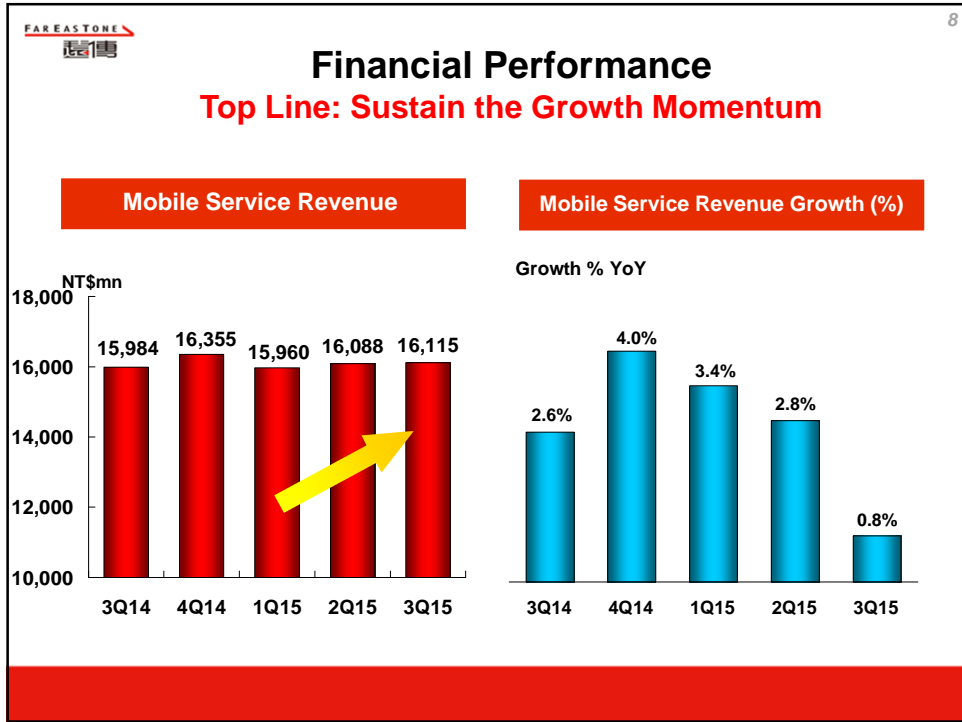
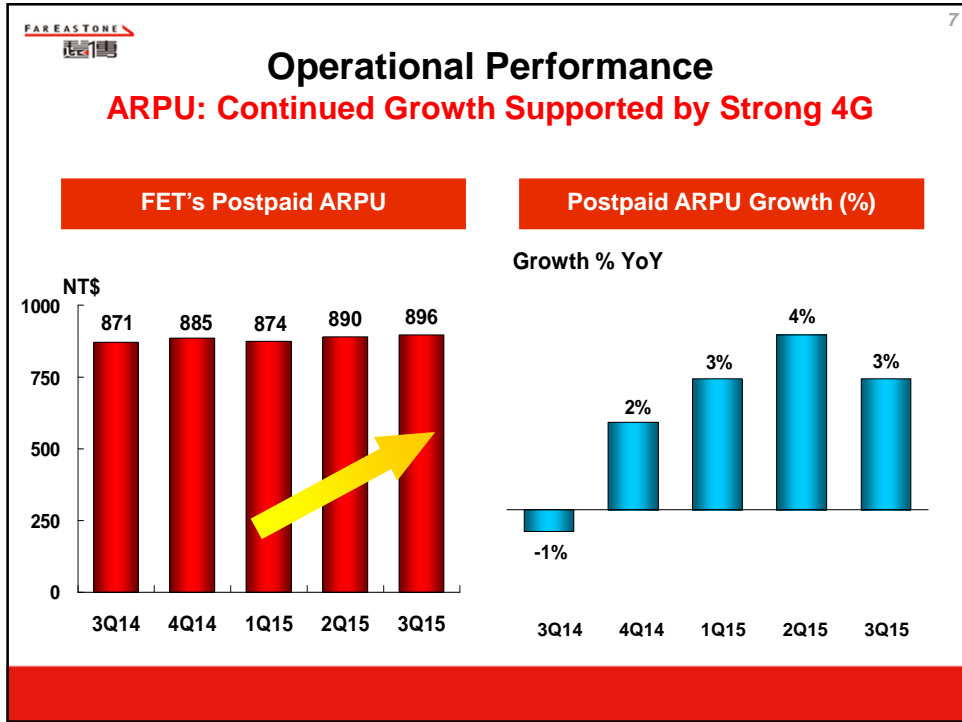
■ 2G ■ 3G ■ 4G

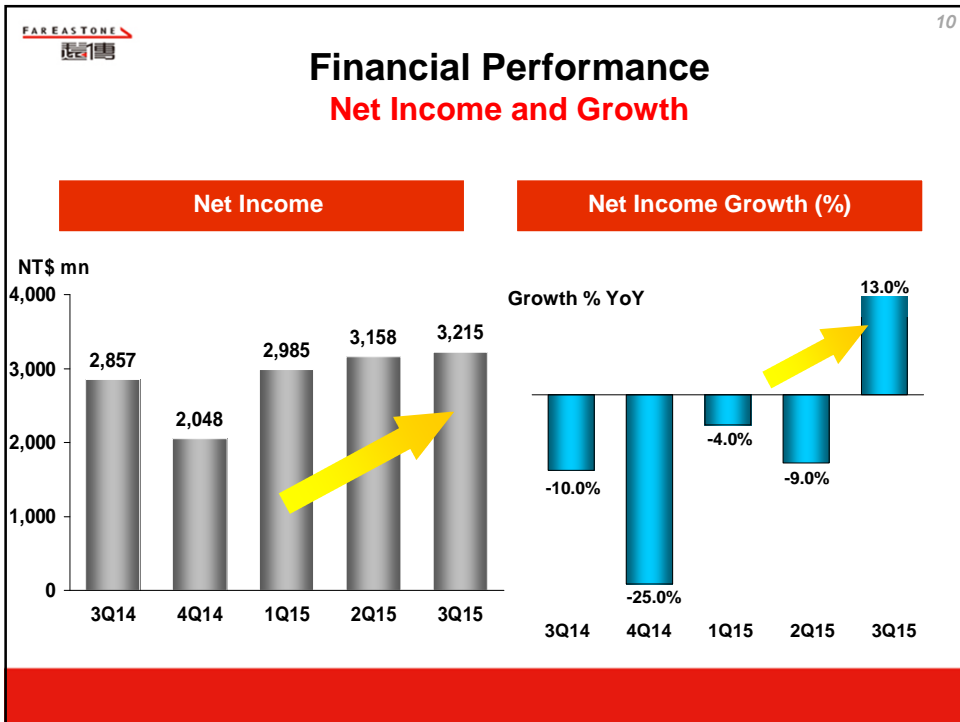
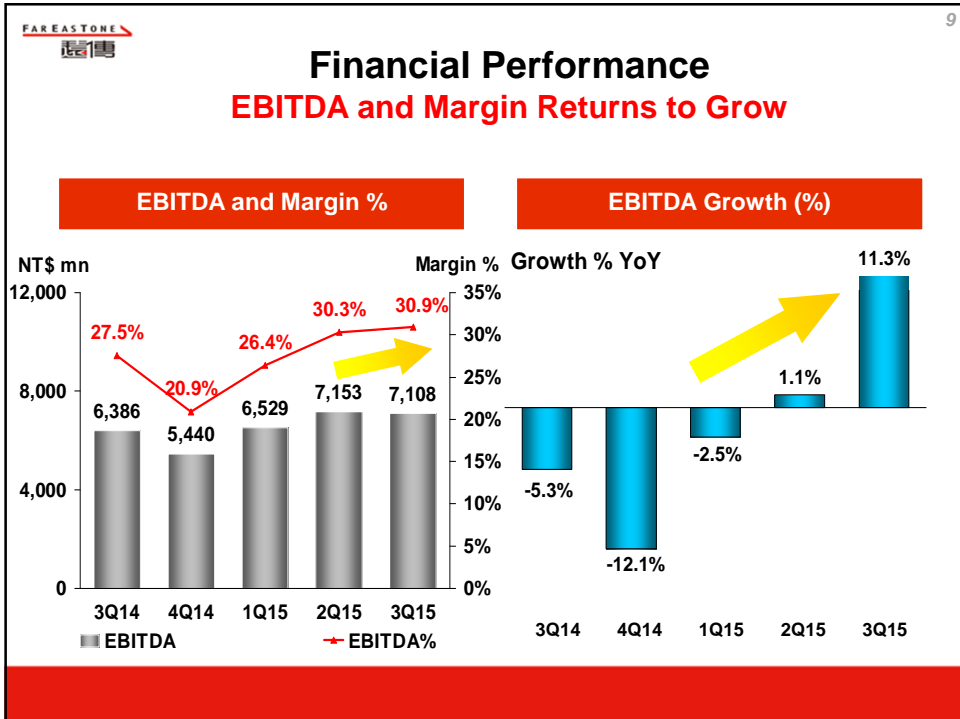
Subscriber Breakdown

Quarter	Postpaid	Prepaid	Total
3Q14	5,757	1,638	7,395
4Q14	5,741	1,648	7,389
1Q15	5,710	1,649	7,359
2Q15	5,673	1,738	7,411
3Q15	5,645	1,803	7,447

■ Postpaid ■ Prepaid

↑ 1%YoY





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Consolidated Financial Achievement
3Q'15 Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	3Q15 Actual	3Q14 Actual	YoY %	3Q15 Forecast	Achieve- ment %
▶ Total Revenue	22,984	23,249	↓1%	24,285	95%
▶ Service Revenue	18,282	18,228	↑0%	18,871	97%
▶ EBITDA	7,108	6,386	↑11%	6,849	104%
▶ Net Income	3,215	2,857	↑13%	2,855	113%
▶ EPS ⁽¹⁾	<u>0.99</u>	<u>\$0.88</u>	↑13%	<u>\$0.88</u>	113%

We are confident to achieve 2015 annual guidance!

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

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Consolidated Financial
3Q15 Financial Stats

(NT\$ mm unless otherwise stated)

	As of 3Q15	As of 2Q15
Cash & Cash Equivalents	16,910	18,846
Available-for-Sale Financial Assets & Derivatives	366	442
Total Borrowing	42,535	34,641
Net Debt ⁽¹⁾	25,259	15,353
Shareholders' Equity	70,577	67,449
Debt/Capitalization Ratio		
— Gross (%)	37.6%	33.9%
— Net (%)	22.3%	15.0%
Free Cashflows – YTD ⁽²⁾	7,255	3,066
Cash-based Capex – YTD	9,267	6,797
EPS(NT\$) – YTD	<u>\$2.87</u>	<u>\$1.89</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

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Smartphone Statistics
Growth driven by Strong 4G Uptake

Some Statistics

- ▶ Smart devices (smartphones + tablets) accounted **98%** of total new devices sold in 3Q15
- ▶ **Smartphone Penetration:**
 - ✓ **68%** of our postpaid subscribers are actually holding smartphones and signing up data rate plans.
 - ✓ **4G customers accounts 38%** of postpaid subscribers by 3Q15.

4G Postpaid Subs and Penetration (%)

Quarter	4G Postpaid Subs (000)	4G Postpaid Penetration (%)
3Q14	410	7%
4Q14	917	16%
1Q15	1,352	24%
2Q15	1,739	31%
3Q15	2,141	38%

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Management Highlight

- Morgan Stanley Private Equity Asia submitted applications for the China Network System transaction on July 31 to relevant authorities – Fair Trade Commission, National Communications Commission, and Investment Commission. Reviews are under way.
- FET will participate in the 2.6GHz spectrum auction, scheduled to begin probably sometime in November.
- Achievements & Awards:
 - ◆ Garnered “2015 Technology Innovation Award” in the service industry from Institute for Information Industry
 - ◆ Won Marketing Communication Excellence – Silver Award of 2015 MCEI; Top 10 Advertising slogan and Best Popularity award by Brain Magazine
 - ◆ Won #1 Telecom Service Golden Award from Next Magazine
 - ◆ Awarded the Golden Prize of ROI Festival – “Content Platform – Video website” for FET Brand Campaign



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Q & A

For Further Information:

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