

## Chapter 4 Operational Highlights

### Macro Environment

Consumer spending on communication and broadcasting related services is largely influenced by the macroeconomic environment. According to the Directorate-General of Budget, Accounting and Statistics (DGBAS), private consumption growth slowed to 1.49% in 2012 from 3.13% a year ago, as rising price levels, a weak stock market and unpredictable national policies dampened consumer confidence. Although growth in the emerging markets should help prop up the global economy this year, private consumption growth is expected to remain mild at 1.86% due to continuing global economic uncertainties.

### Overall Operating Results

In 2012, in spite of the impact of the National Communications Commission's (NCC) mandatory tariff cuts on mobile operators' voice service revenue, the Company still saw a 21% YoY rise in consolidated revenue, as it strived to grow wireless data, cable broadband and other promising businesses. In terms of profitability, despite increased handset subsidies to boost smartphone penetration, the Company's net income grew 9% YoY due to improved revenues and profitability from its telecom and cable businesses, as well as full-year profit contribution (versus 5.5 months a year ago) from momo.

### Performance by division

Unit: NT\$m

	CBG	HBG	EBG
Brand name	Taiwan Mobile	TWM Broadband	TWM Solution
Services	<ul style="list-style-type: none"> <li>● Voice and data mobile services for consumers</li> <li>● Mobile to international direct dialing (IDD) services</li> </ul>	<ul style="list-style-type: none"> <li>● Pay TV services</li> <li>● Cable broadband services</li> <li>● Others</li> </ul>	<ul style="list-style-type: none"> <li>● Voice and data mobile services for enterprises</li> <li>● Fixed-line services</li> <li>● International simple resale (ISR) services</li> </ul>
2012 revenue*	62,903	6,122	10,391
As a % of group revenue	64%	6%	11%
2012 EBITDA*	20,477	3,238	3,393
As a % of group EBITDA	73%	12%	12%