



1Q18 Results Presentation

16 April 2018



Forward looking statements – Important note

This presentation and the following discussion may contain forward looking statements by M1 Limited (“M1”) relating to financial trends for future periods

Some of the statements contained in this presentation or arising from this discussion which are not of historical facts are statements of future expectations with respect to financial conditions, results of operations and businesses, and related plans and objectives. Such forward looking statements are based on M1’s current views and assumptions including, but not limited to, prevailing economic and market conditions and currently available information. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of M1. In particular, such statements should not be regarded as a forecast or projection of future performance of M1. It should be noted that the actual performance or achievements of M1 may vary significantly from such statements.

Overview

Financial highlights for 1Q18

- Service revenue increased 3.0% YoY to S\$185m
- Fixed services revenue grew 13.9% YoY to S\$32m
- Net profit after tax was 8.3% higher QoQ and stable YoY at S\$35m

Performance highlights for 1Q18

- Mobile services revenue increased 2.6% YoY to S\$141m
 - Mobile data revenue increased to 61.3% of service revenue
 - Postpaid customer base grew 12,000 QoQ
- Fixed services contributed 17.3% of service revenue
 - Fibre customer base grew 5,000 QoQ
- Growing corporate and government segment contribution
 - 37% of service revenue
 - 19% YoY growth



Agenda

Financial highlights

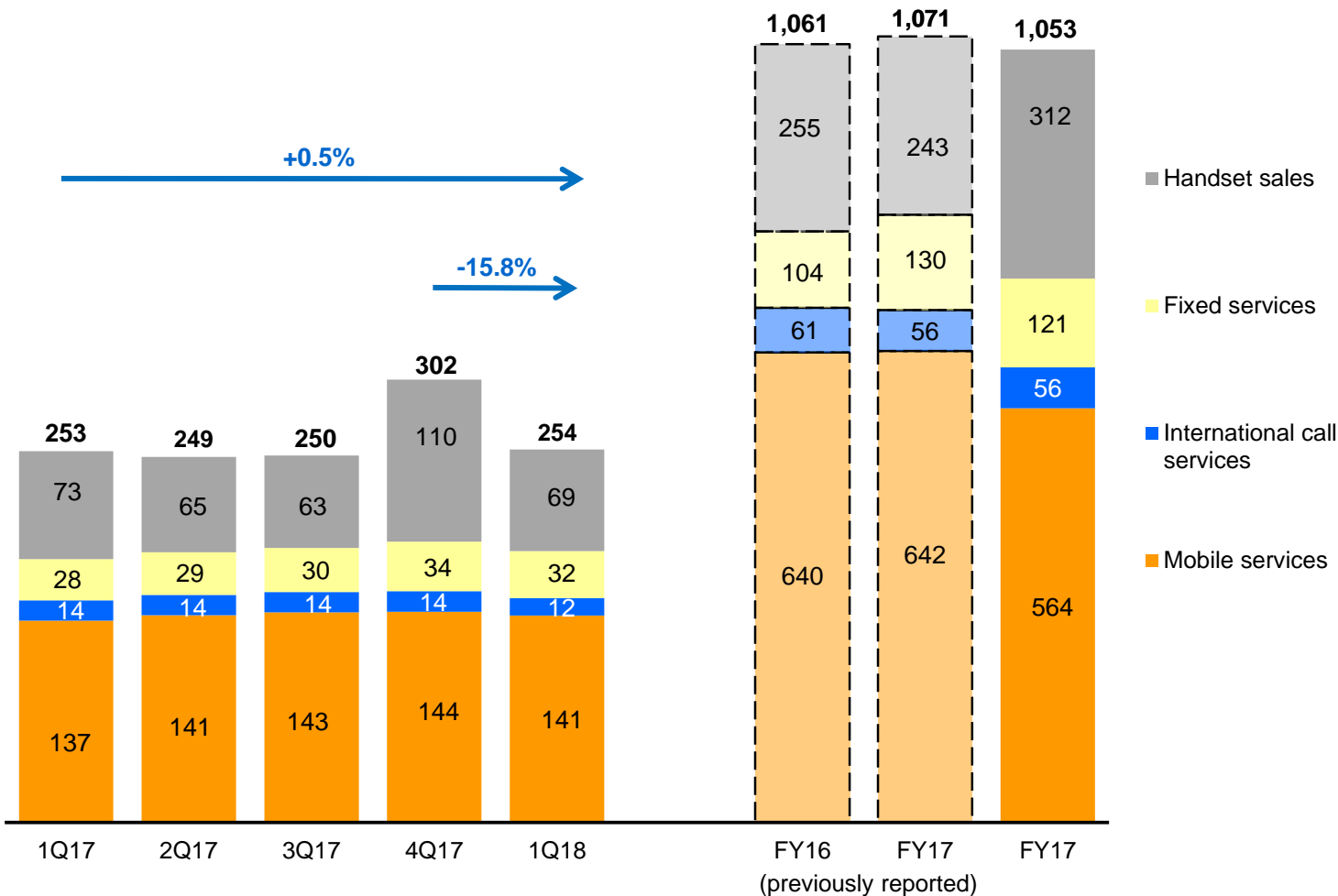
Performance highlights

Developments & Outlook



Revenues (S\$m)

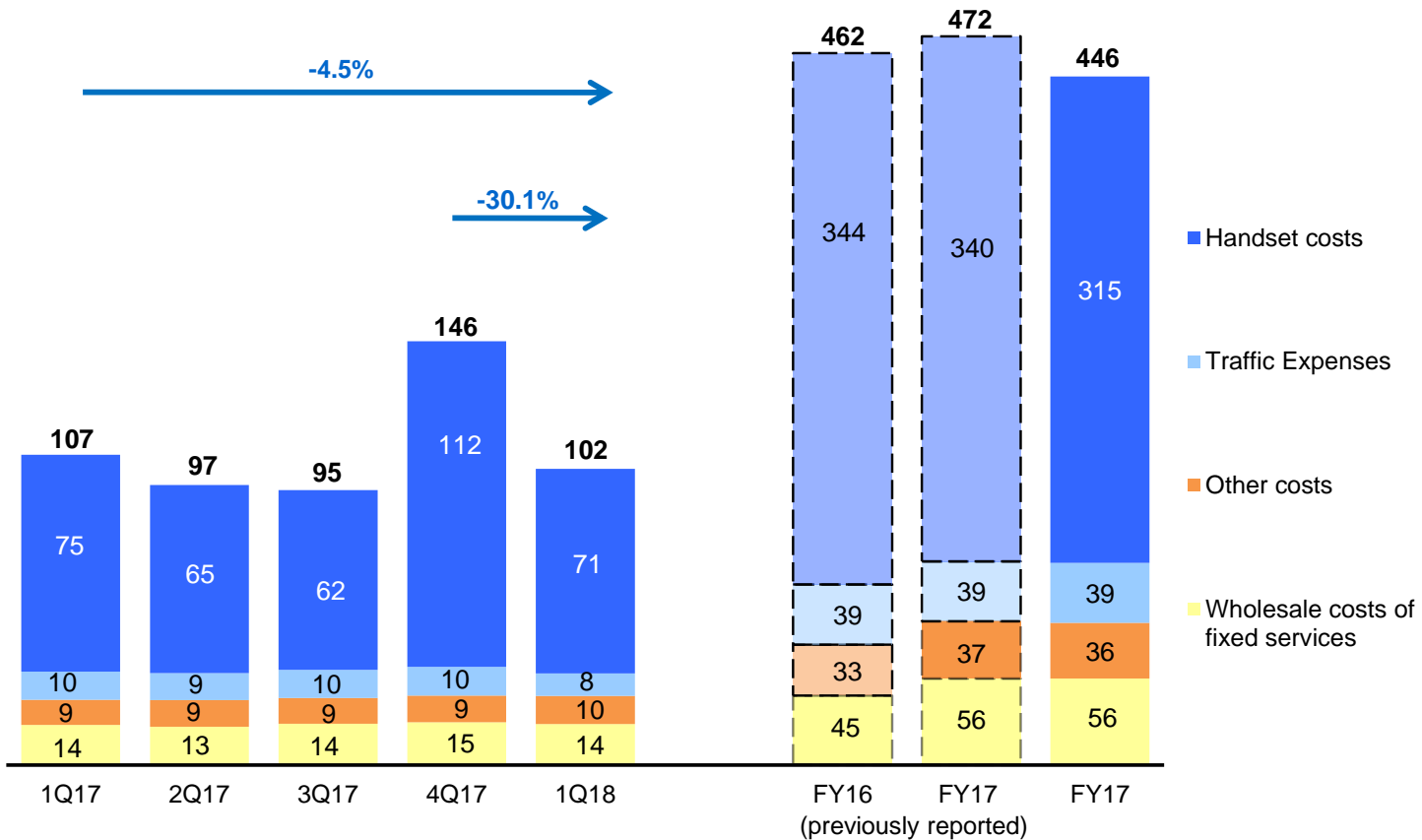
	1Q17	2Q17	3Q17	4Q17	1Q18	FY16	FY17	FY17
						(previously reported)		
Service revenue (S\$m)	179	184	187	191	185	806	828	741



1Q2018 vs 1Q2017

- Handset sales (-5.6%): Lower sales volume
- Fixed services revenue (+13.9%): Higher customer base
- International call revenue (-14.8%): Lower retail revenue
- Mobile revenue (+2.6%): Higher postpaid revenue

Cost of sales (S\$m)

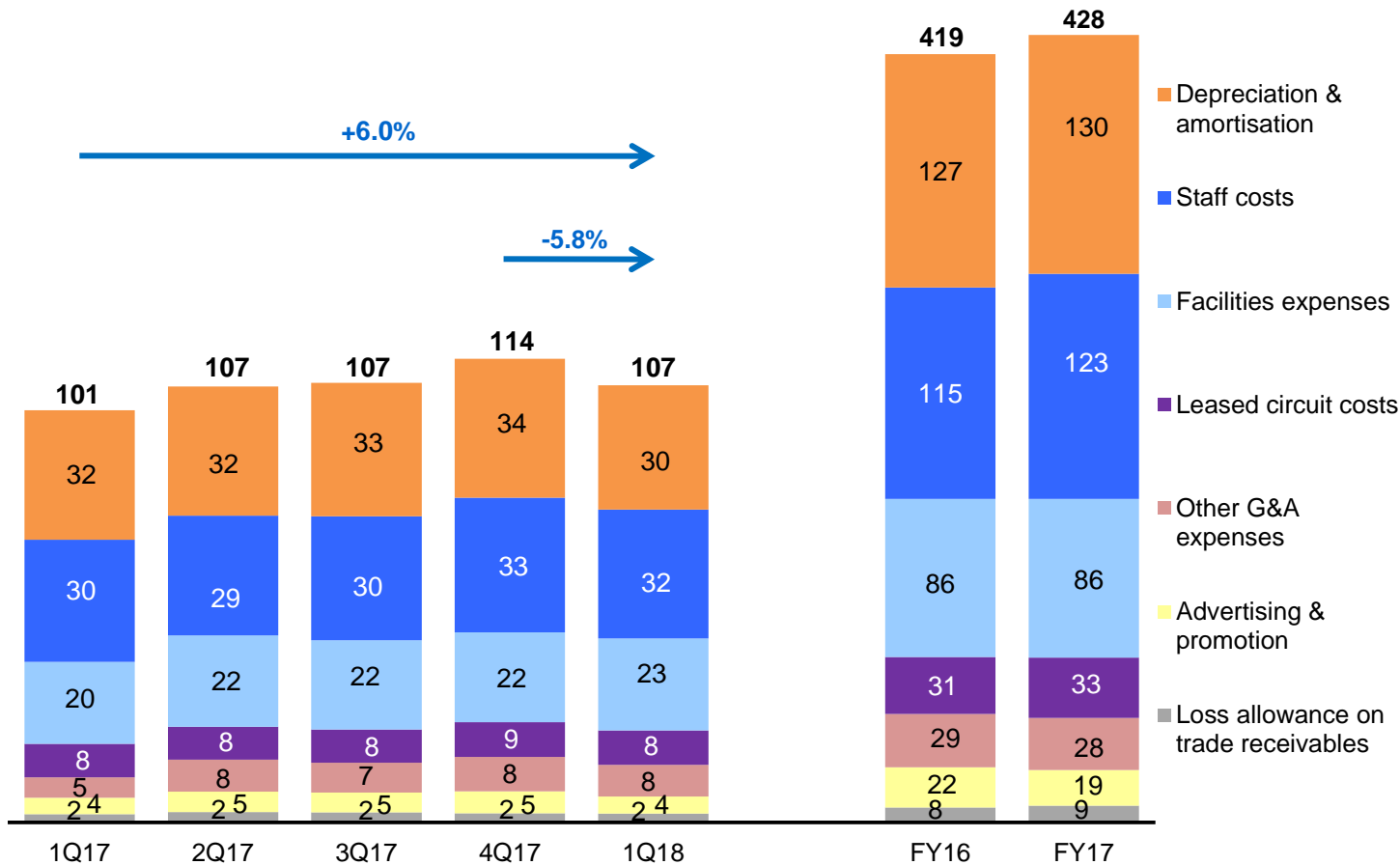


1Q2018 vs 1Q2017

- Handset costs (-5.5%): Lower sales volume
- Wholesale costs of fixed services (+2.5%): Higher customer base



Other operating and interest expenses (S\$m)



1Q2018 vs 1Q2017

- Depreciation & amortisation expenses (-4.0%): Some 3G network assets being fully depreciated
- Staff costs (+5.6%): Salary increment

	1Q17	2Q17	3Q17	4Q17	1Q18	FY16	FY17
Interest expense (S\$m)	2.0	2.1	2.9	2.9	2.8	6.7	9.9



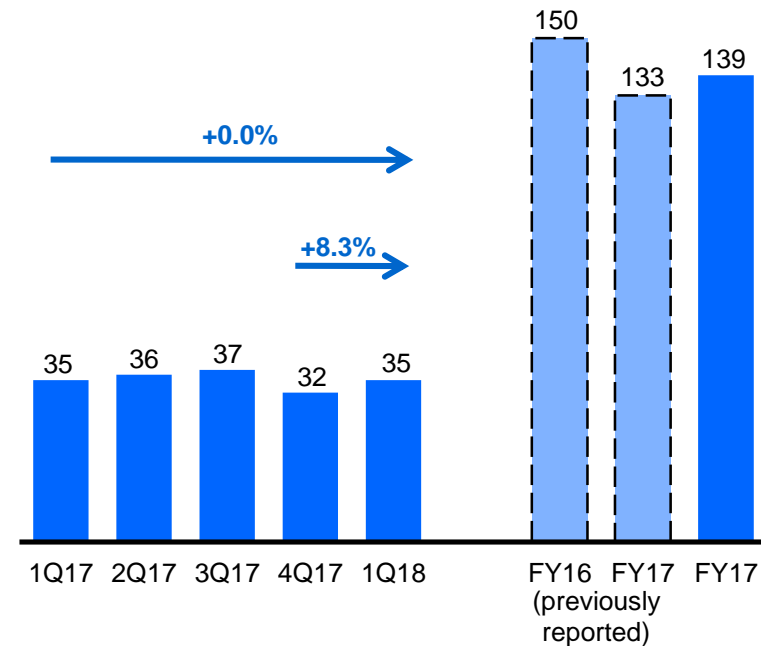
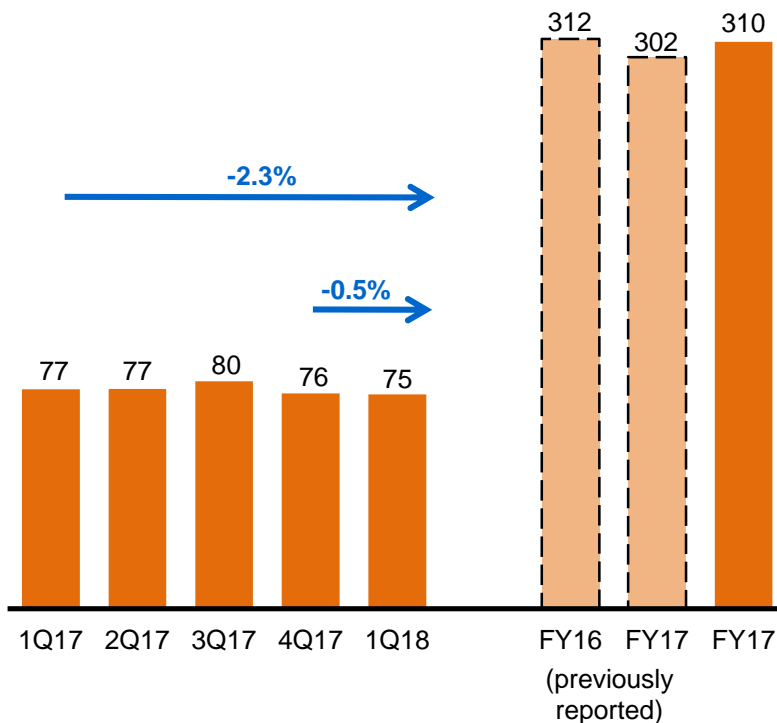
EBITDA & net profit after tax

EBITDA (S\$m) & margin
on service revenue

	1Q17	2Q17	3Q17	4Q17	1Q18	FY16 (previously reported)	FY17	FY17
EBITDA margin (on service revenue)	43.0%	42.1%	42.9%	39.6%	40.8%	38.7%	36.5%	41.9%

Profit after tax (S\$m) & margin
on service revenue

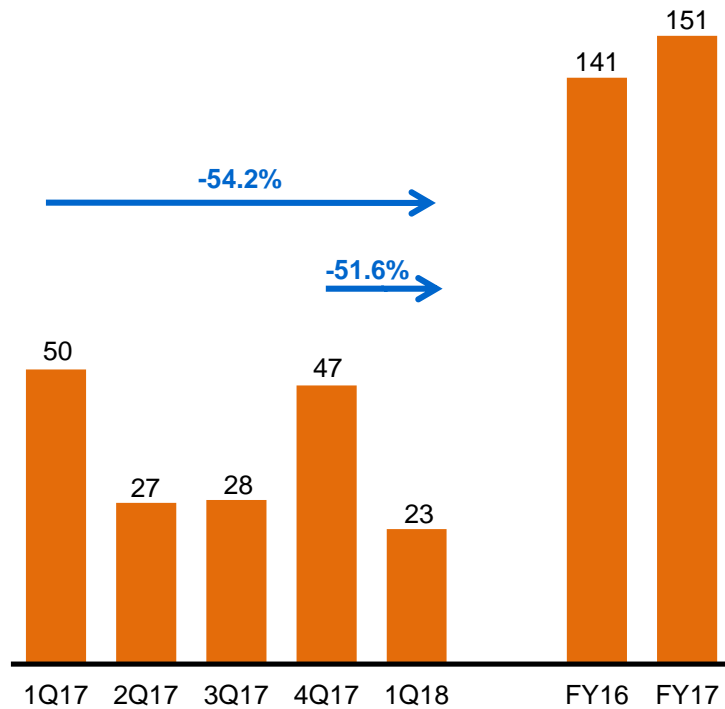
	1Q17	2Q17	3Q17	4Q17	1Q18	FY16 (previously reported)	FY17	FY17
PAT margin (on service revenue)	19.4%	19.4%	19.6%	16.8%	18.8%	18.6%	16.0%	18.8%





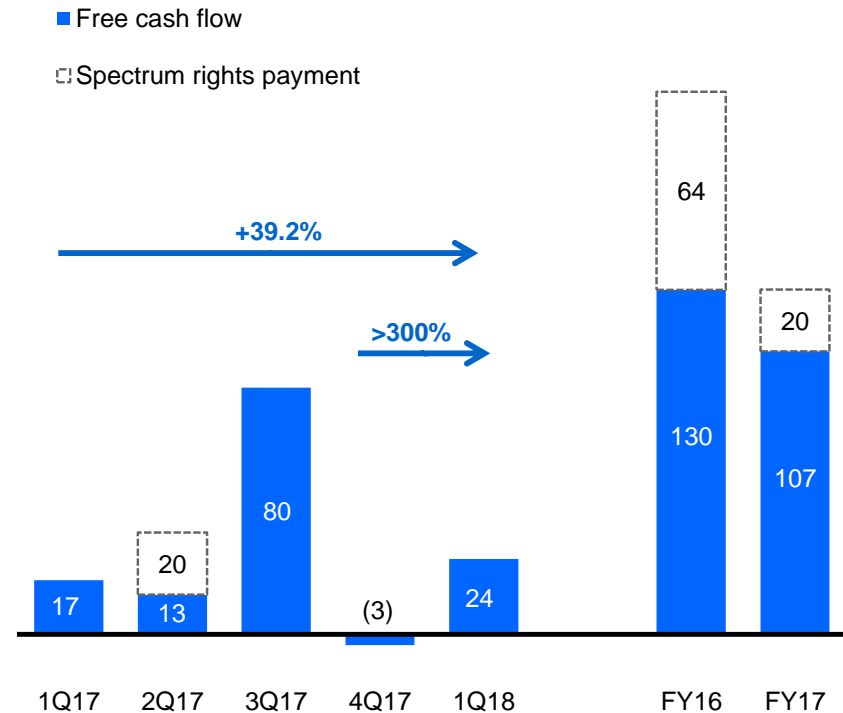
Capex & Cash flows

Capex (S\$m)



Operating and free cash flows (S\$m)

	1Q17	2Q17	3Q17	4Q17	1Q18	FY16	FY17
Operating cash flow	48	60	107	44	47	335	259





Financial leverage

S\$m	1Q2017	1Q2018	Change
Cash & cash equivalents	7.5	72.7	865.0%
Net debt	376.2	377.3	0.3%
Net assets	495.3	530.4	7.1%
Net debt/equity (x)	0.8	0.7	-6.3%
Net debt/EBITDA (x)	1.2	1.2	0.9%
EBITDA/Interest (x)	31.4	28.8	-8.3%
Net assets per share (cents)	53.3	57.3	7.6%
EPS - diluted (cents)	3.7	3.8	2.7%



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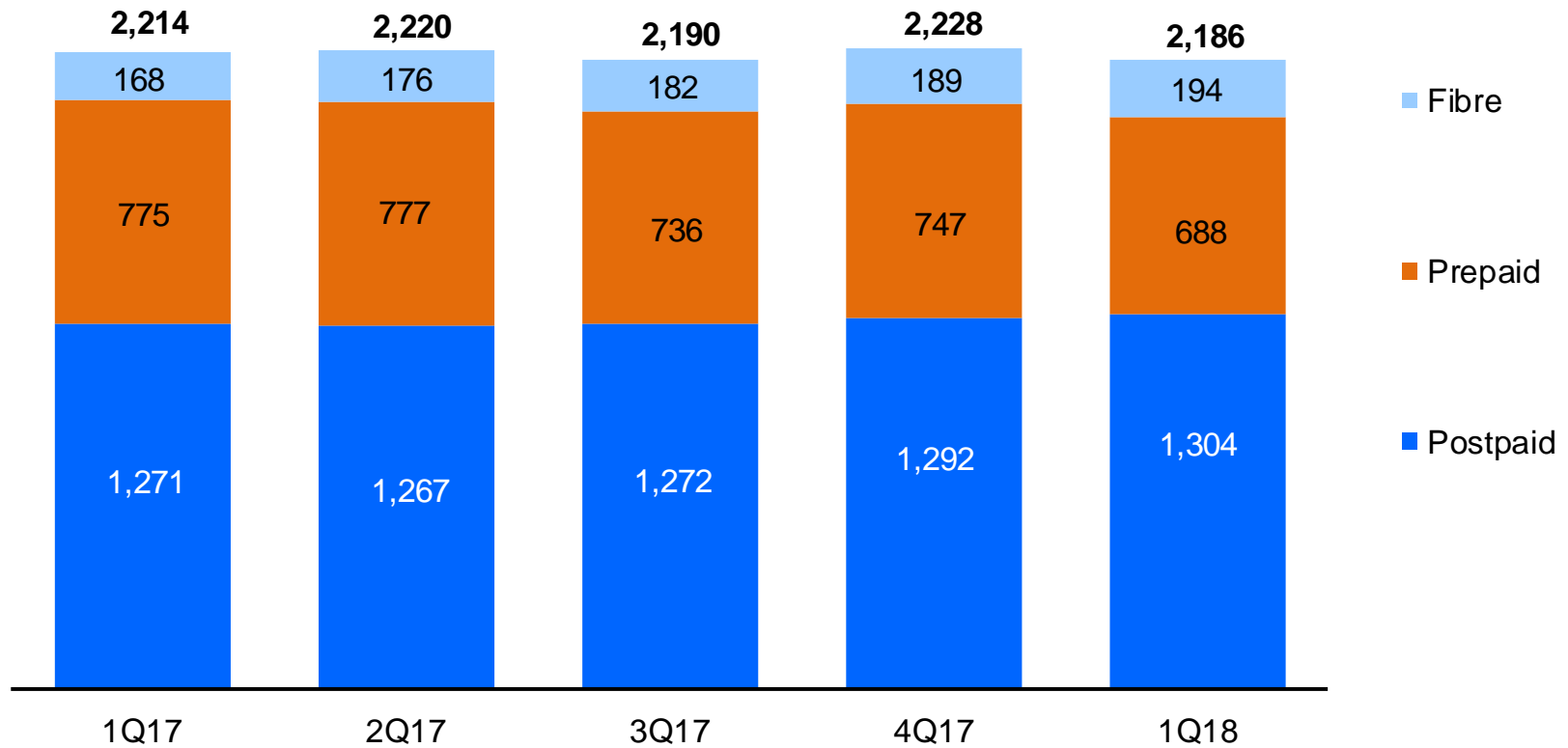
Financial highlights

Performance highlights

Developments & Outlook



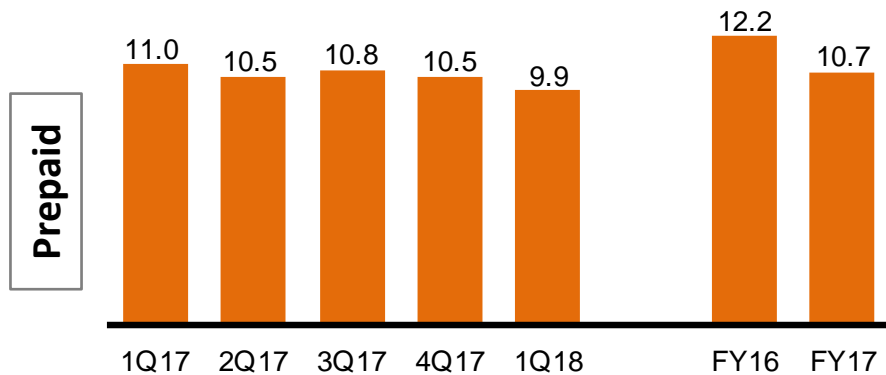
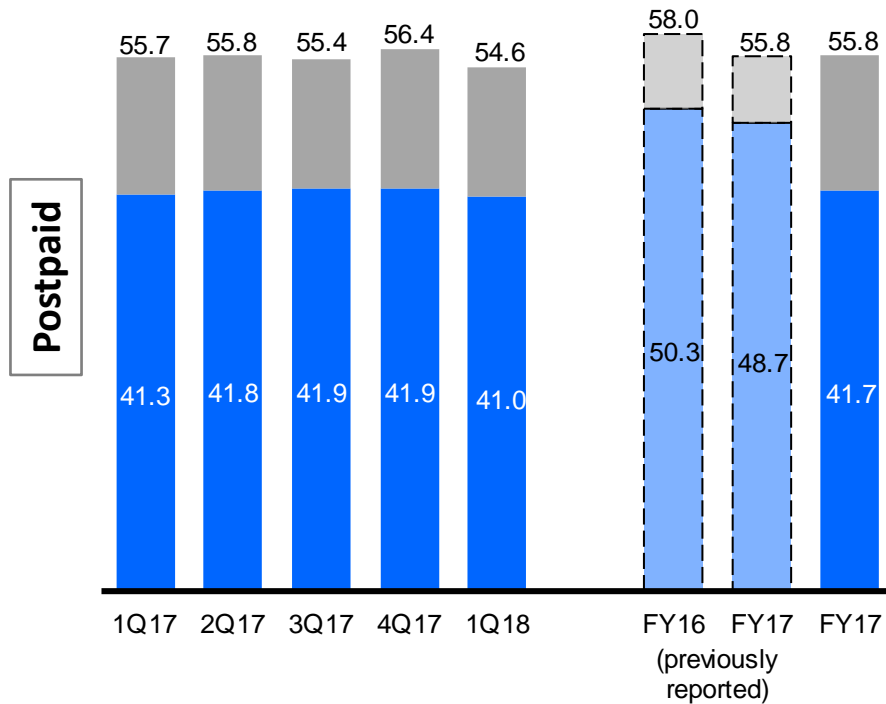
Customer base ('000)





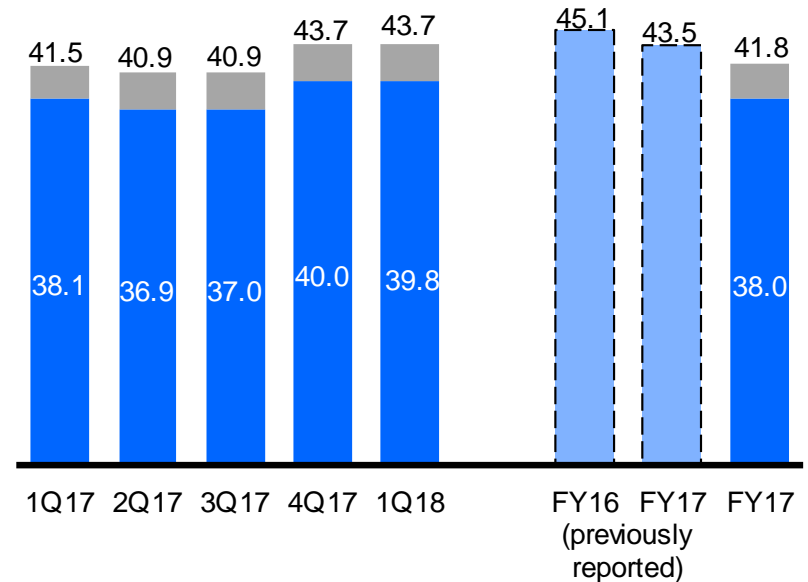
Mobile and Fibre ARPUs (\$)

■ ARPU allocated to handset sales



Fibre

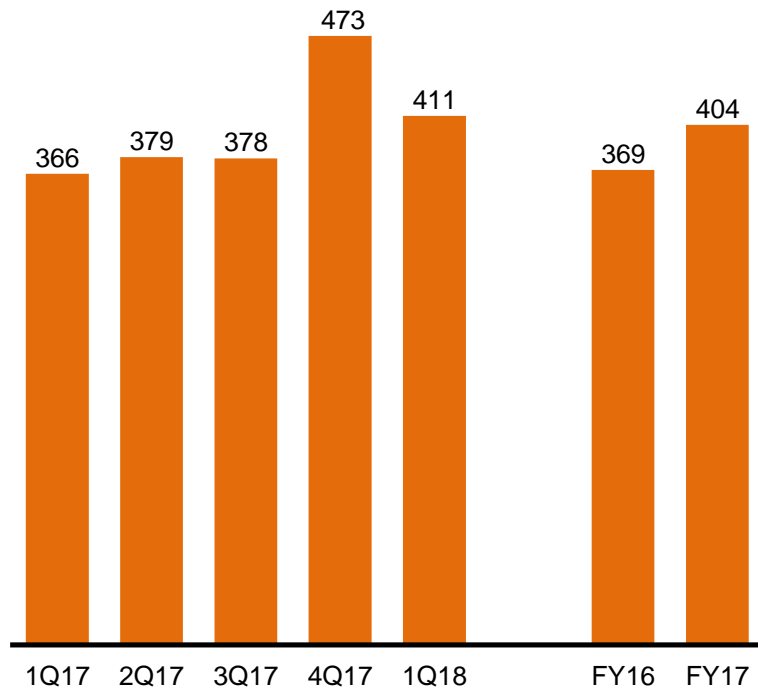
■ ARPU allocated to equipment sales



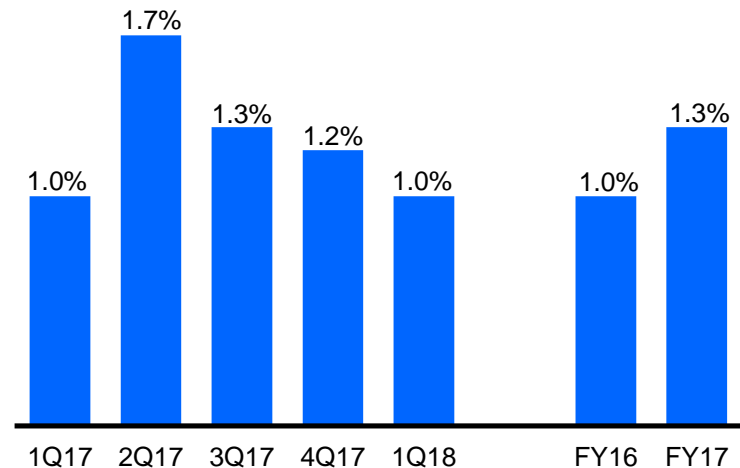


Postpaid mobile

Acquisition cost per postpaid customer (S\$)



Monthly churn rate (postpaid)



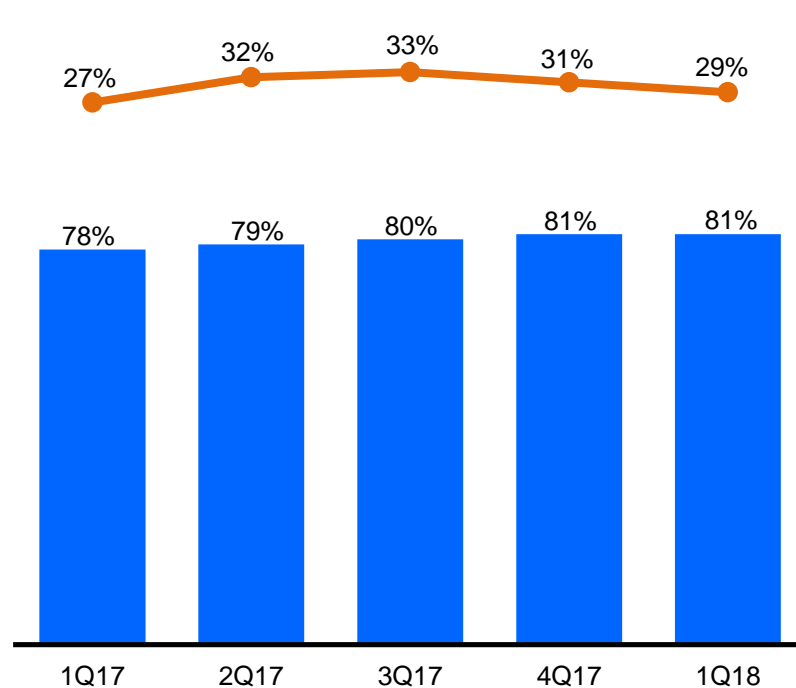
Note: Cash basis



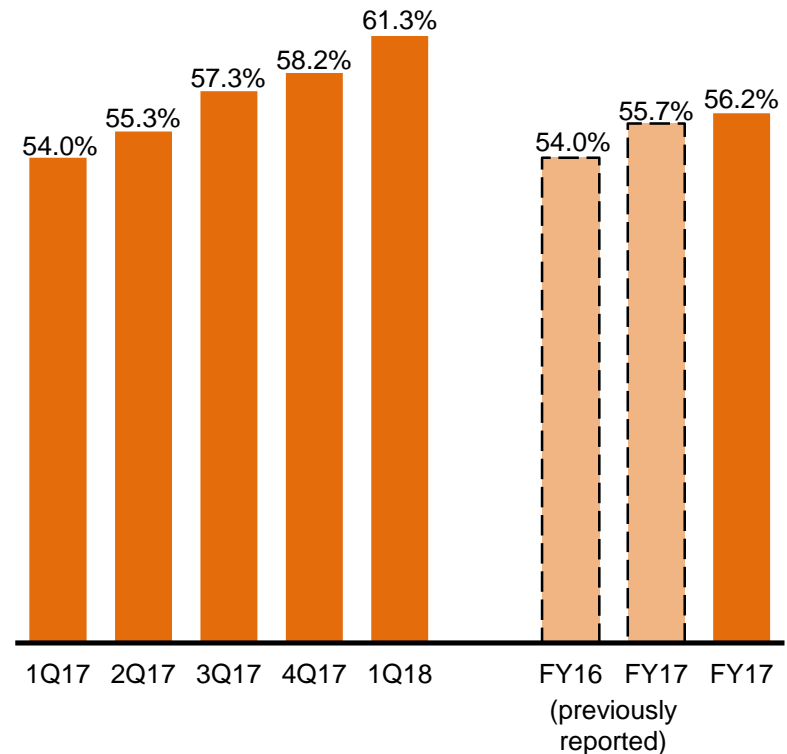
Tiered data plans & mobile data contribution

Tiered data plans

- Postpaid customers on tiered data plans
- Percentage of tiered data plan customers exceeding primary data bundles



Data contribution to mobile service revenue





Agenda

Financial highlights

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Strengthen telco core

Service and experience

- Compete on quality service and customer experience
 - Enhance offerings and value propositions
 - Digitalise customer experience and improve efficiency
 - ❖ 56% of total transactions were made online
 - ❖ 78% of smartphone customers use My M1 App
- Invest in advanced technologies
 - HetNet and IoT
 - ❖ Foundation for 5G
 - Demand driven 5G network rollout
 - ❖ B2B, B2B2C

Partner MVNOs

- Partner MVNOs to address niche segments with unique propositions
 - Contribute to wholesale revenue and customer base
 - No acquisition and maintenance costs

Growth opportunities

Corporate and government segment

- Capture growth opportunities in the Corporate and Government segment
 - Corporate digital transformation
 - Smart nation initiatives gaining momentum

Scaling up capabilities

- Invest in portfolio of digital solutions to complement core business
 - Smart Nation, Fintech, Cybersecurity
- Expand suite of products to cater to corporate needs
 - Acquire ICT capabilities and competencies
 - Enhance human capital
 - Partnership with technology and solution providers

Estimates

FY2018

- Capex to be around S\$120m
- Dividend policy
 - Maintain 80% payout ratio



Thank you