



# 1H18 Results Presentation

27 July 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 2Q18

- Service revenue grew 5.2% YoY to S\$193m
- Fixed services revenue grew 27.4% YoY to S\$37m
- EBITDA increased 1.4% YoY to S\$78m
- Net profit after tax increased 1.5% YoY to S\$36m

### Performance highlights for 2Q18

- Mobile services revenue grew 3.8% YoY to S\$146m
  - Mobile data revenue grew to 64.4% of service revenue
  - Postpaid customer base grew 34,000 QoQ
- Fixed services contributed 19.0% of service revenue
  - Fibre customer base grew 6,000 QoQ

### Dividend

- Interim dividend of 5.2 cents per share



# Agenda

Financial highlights

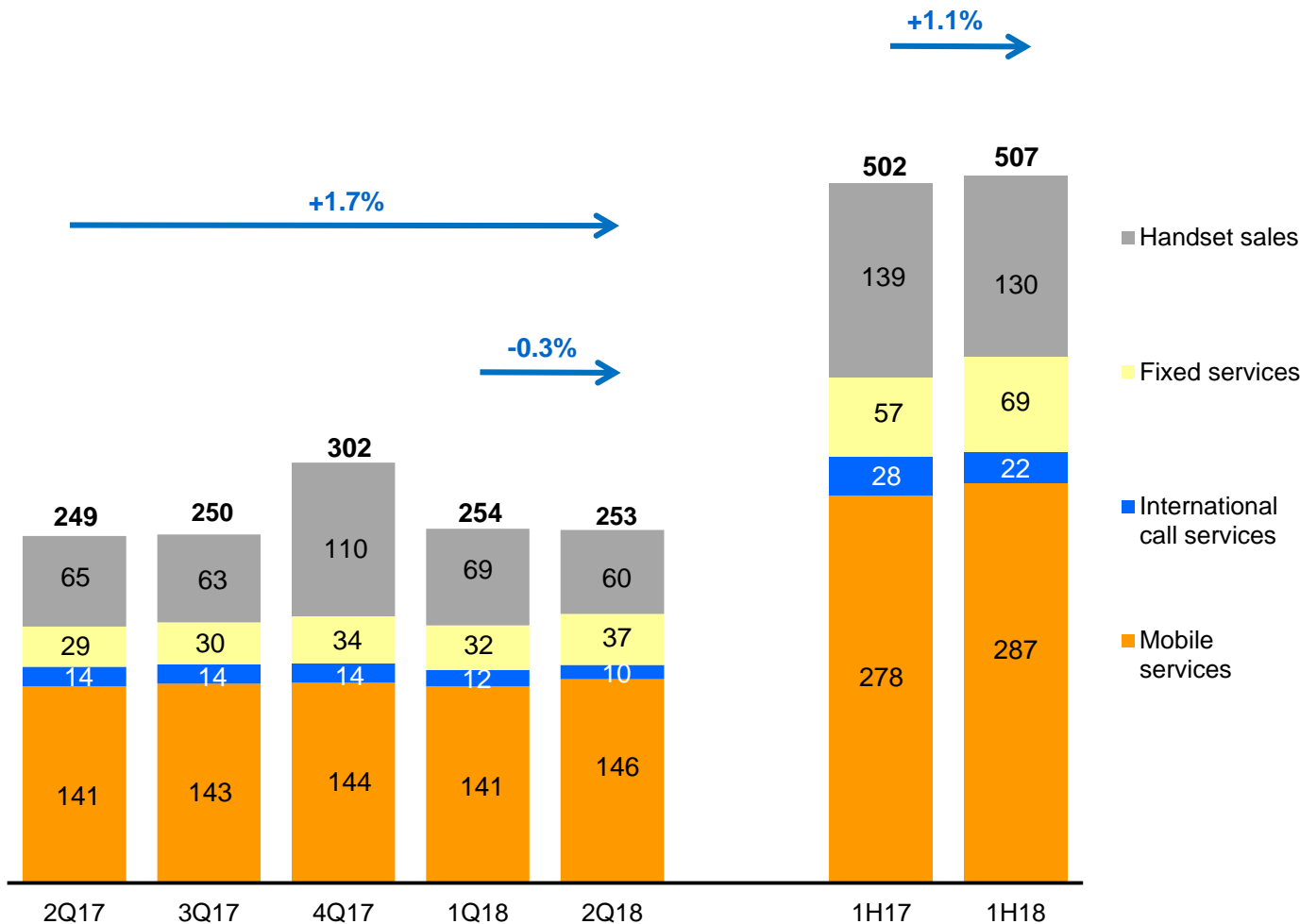
Performance highlights

Developments & Outlook



# Revenues (S\$m)

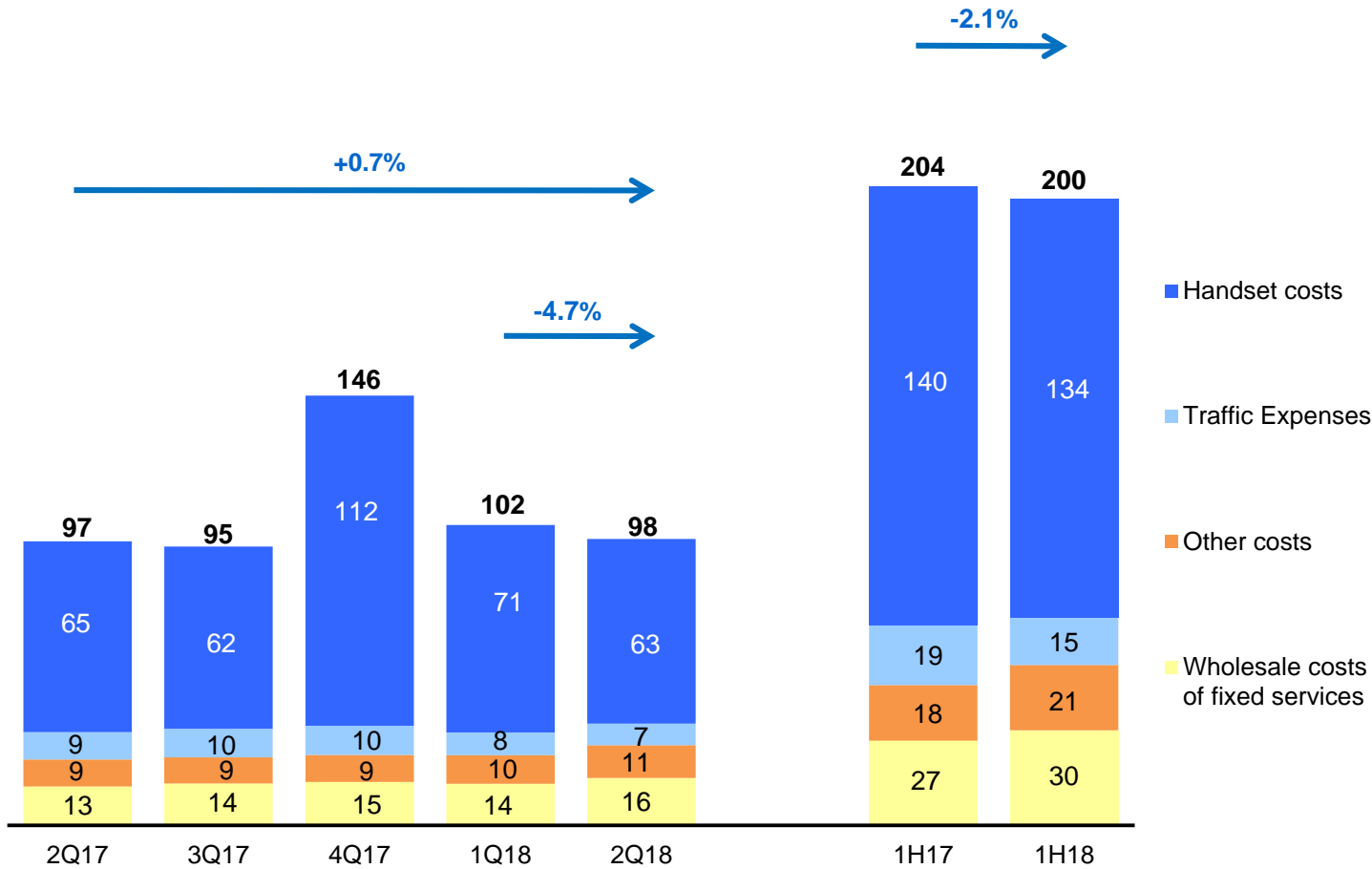
	2Q17	3Q17	4Q17	1Q18	2Q18	1H17	1H18
Service revenue (S\$m)	184	187	191	185	193	363	378



## 1H2018 vs 1H2017

- Fixed services revenue (+20.7%): Higher customer base and contribution from corporate projects
- Mobile revenue (+3.2%): Higher postpaid revenue
- International call revenue (-21.1%): Lower traffic
- Handset sales (-6.8%): Lower sales volume

# Cost of sales (S\$m)

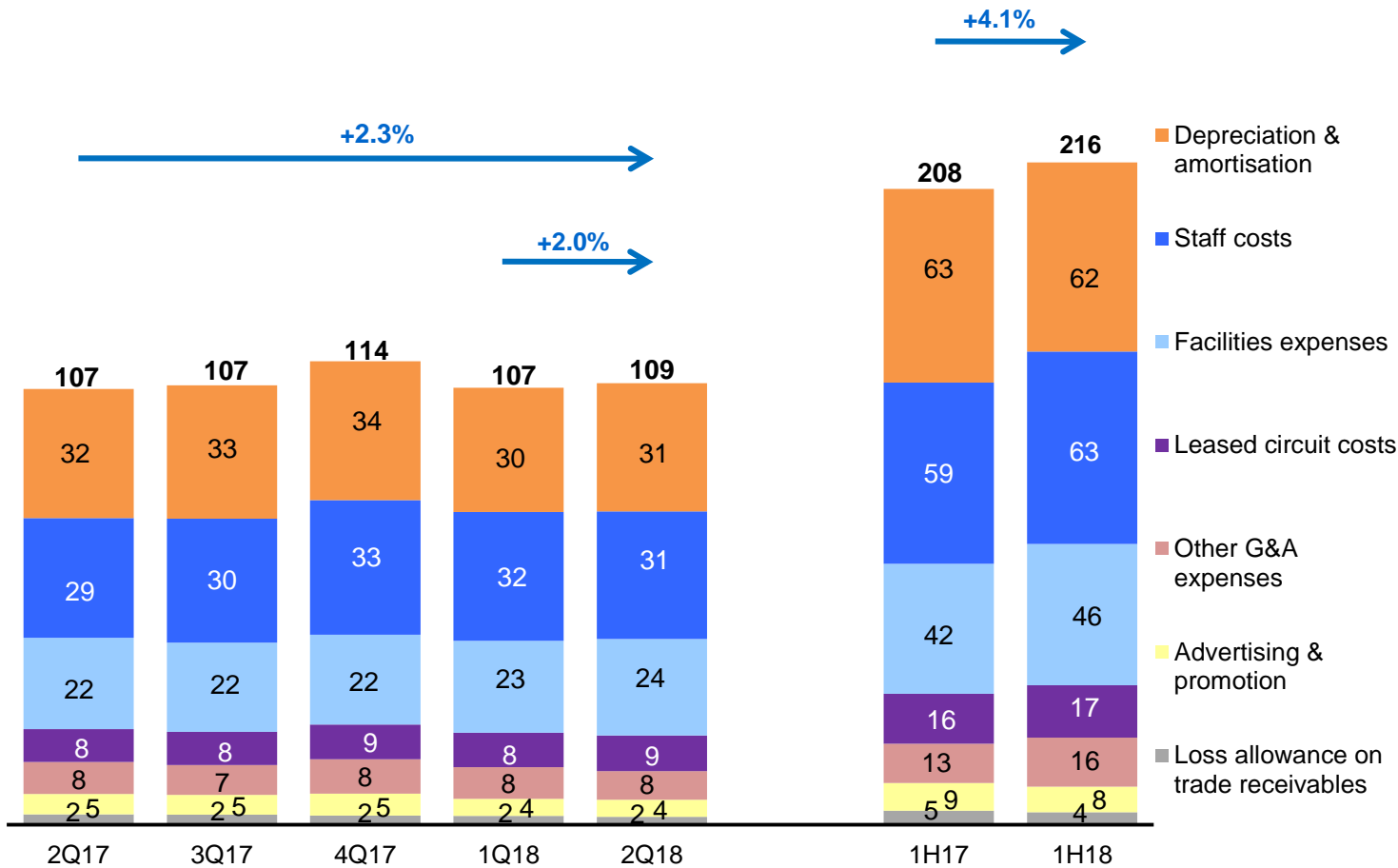


## 1H2018 vs 1H2017

- Traffic expenses (-21.3%): Lower traffic
- Other costs (+17.2%): Costs incurred for corporate projects
- Wholesale costs of fixed services (+12.2%): Higher customer base
- Handset costs (-4.6%): Lower sales volume



# Other operating and interest expenses (S\$m)



## 1H2018 vs 1H2017

- Depreciation & amortisation expenses (-2.2%): Certain 3G network assets fully depreciated
- Staff costs (+6.0%): Salary increment and expansion of corporate team
- Facilities expenses (+8.8%): Higher repair & maintenance costs
- Other G&A expenses (+23.7%): Last year gain on fixed asset disposal

	2Q17	3Q17	4Q17	1Q18	2Q18	1H17	1H18
Interest expense (S\$m)	2.1	2.9	2.9	2.8	2.9	4.1	5.7



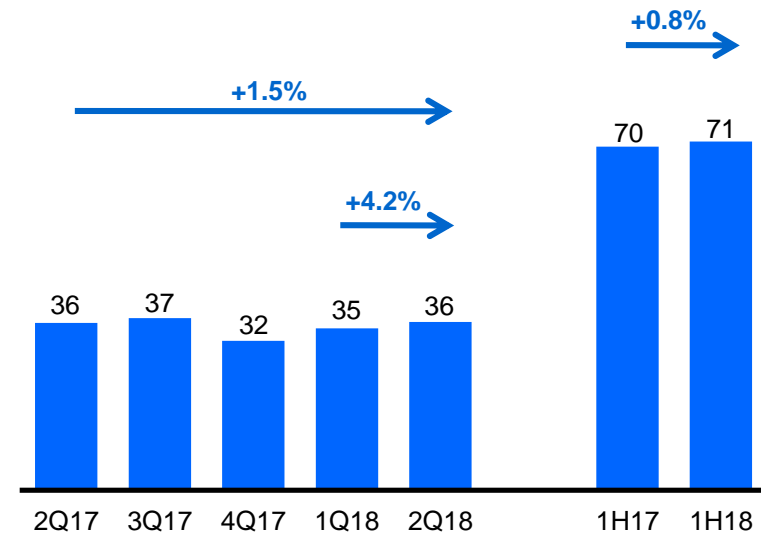
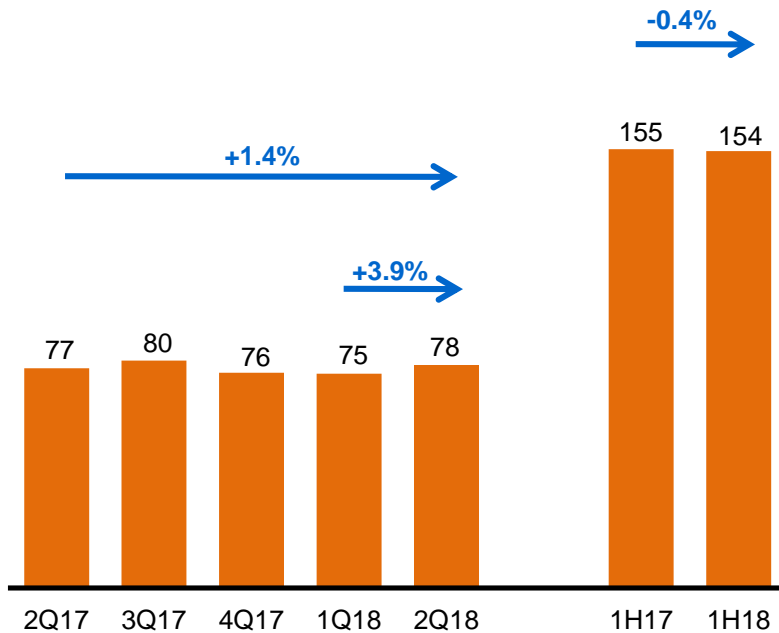
# EBITDA & net profit after tax

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

	2Q17	3Q17	4Q17	1Q18	2Q18	1H17	1H18
EBITDA margin (on service revenue)	42.1%	42.9%	39.6%	40.8%	40.6%	42.6%	40.7%

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

	2Q17	3Q17	4Q17	1Q18	2Q18	1H17	1H18
PAT margin (on service revenue)	19.4%	19.6%	16.8%	18.8%	18.8%	19.4%	18.8%

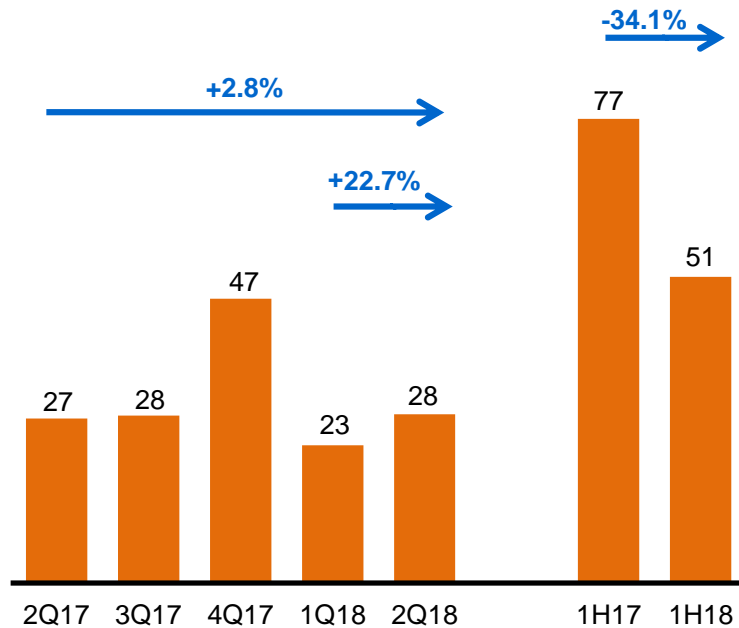






# Capex & Cash flows

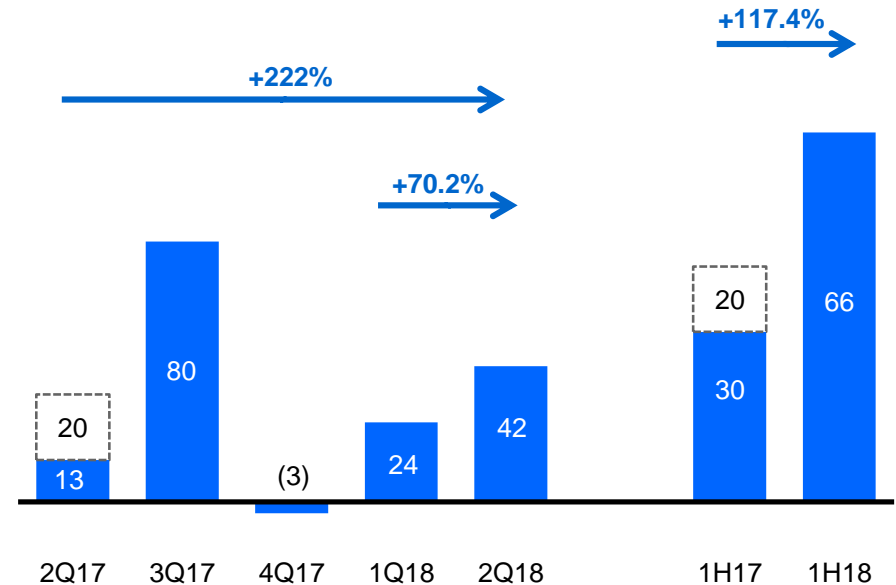
Capex (S\$m)



Operating and free cash flows (S\$m)

	2Q17	3Q17	4Q17	1Q18	2Q18	1H17	1H18
Operating cash flow	60	107	44	47	69	108	117

- Free cash flow
- Spectrum rights payment





# Financial leverage

S\$m	1H2017	1H2018	Change
Cash & cash equivalents	6.1	<b>55.1</b>	802.4%
Net debt	420.5	<b>394.9</b>	-6.1%
Net assets	477.3	<b>510.6</b>	7.0%
Net debt/equity (x)	0.9	<b>0.8</b>	-12.2%
Net debt/EBITDA (x)	1.4	<b>1.3</b>	-5.9%
EBITDA/Interest (x)	31.4	<b>26.9</b>	-14.2%
Net assets per share (cents)	51.3	<b>55.2</b>	7.5%
EPS - diluted (cents)	7.6	<b>7.7</b>	1.3%



# Agenda

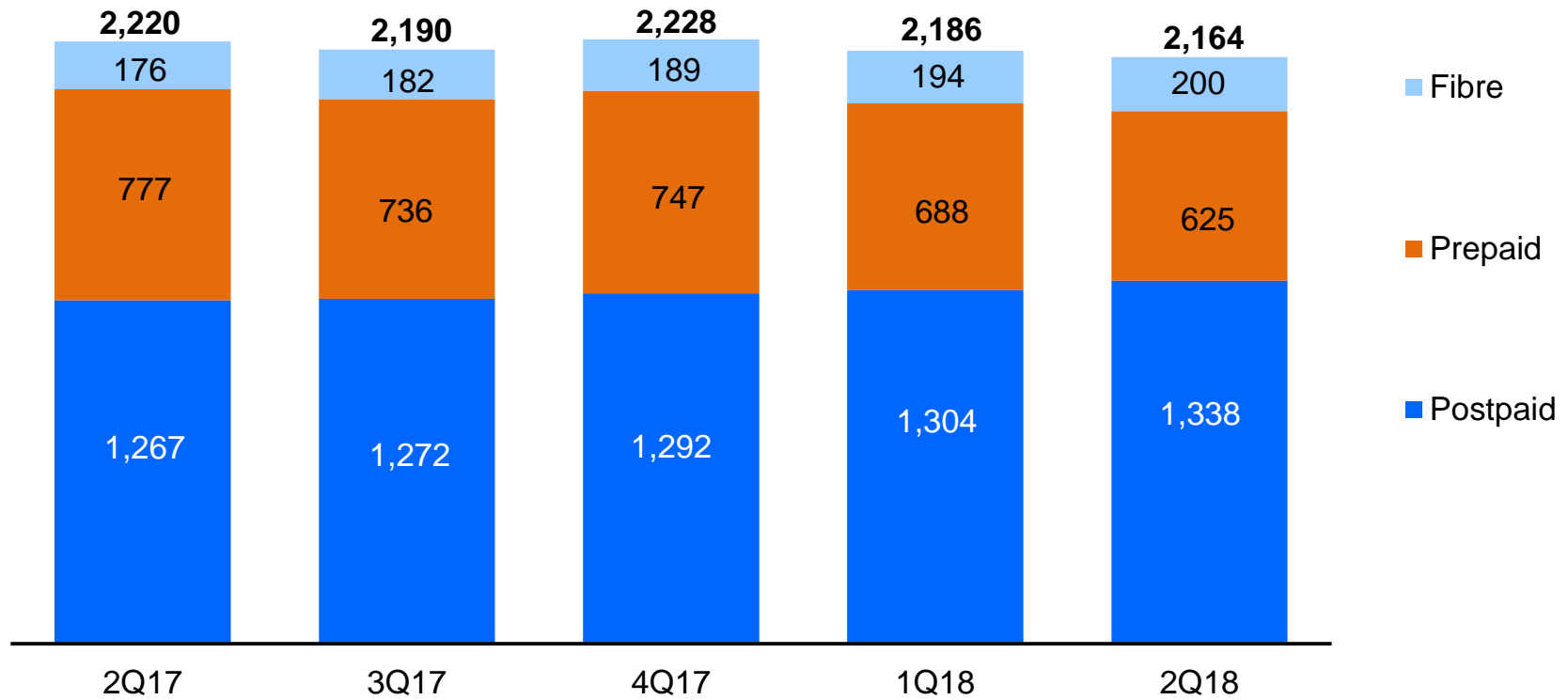
Financial highlights

**Performance highlights**

Developments & Outlook

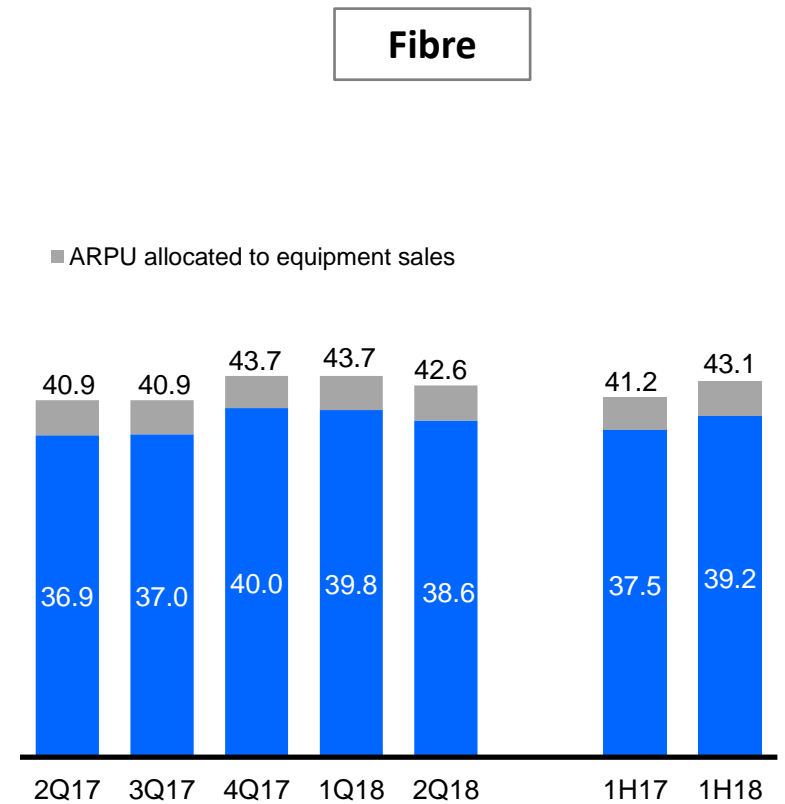
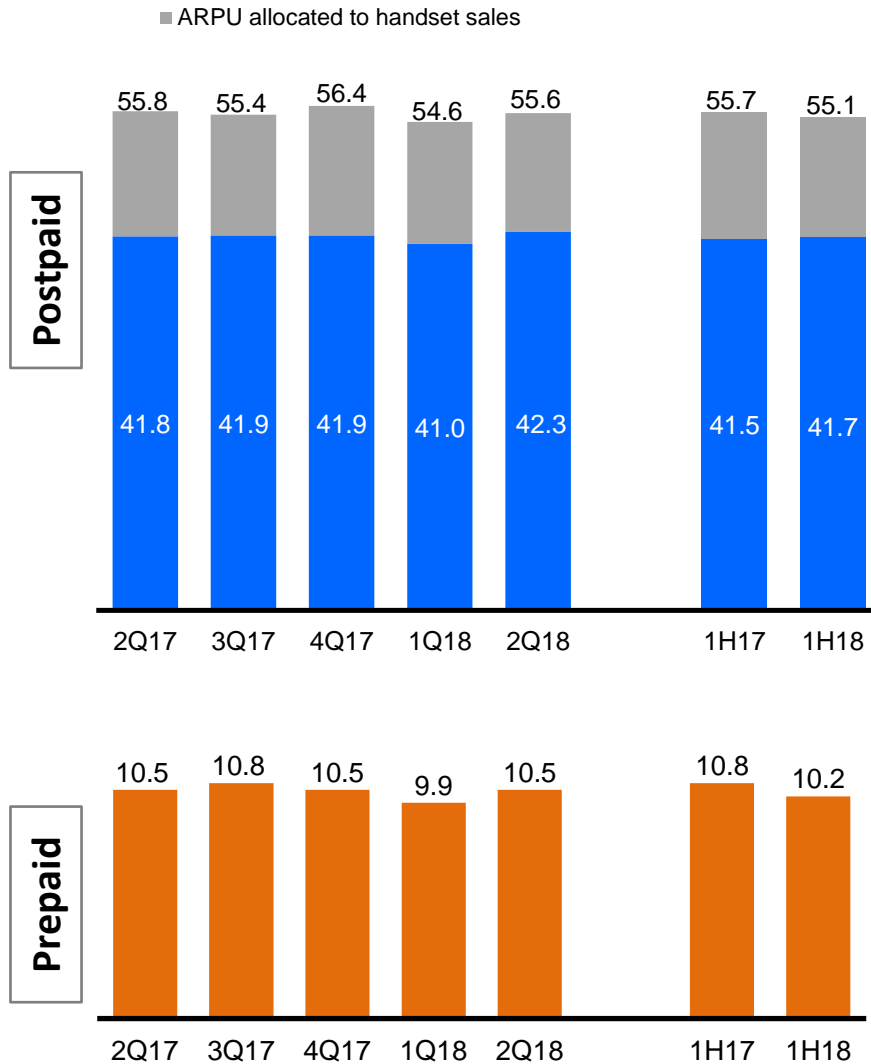


# Customer base ('000)





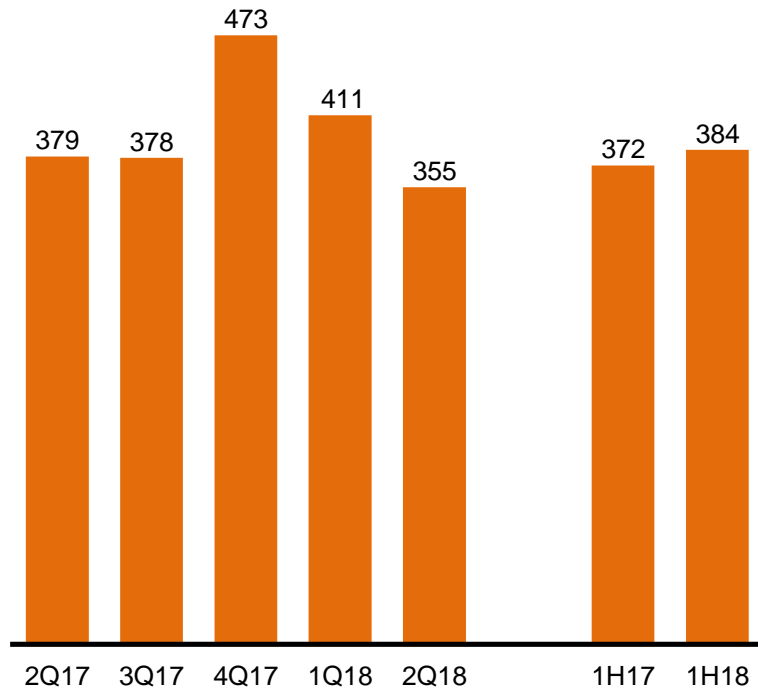
# Mobile and Fibre ARPUs (\$)



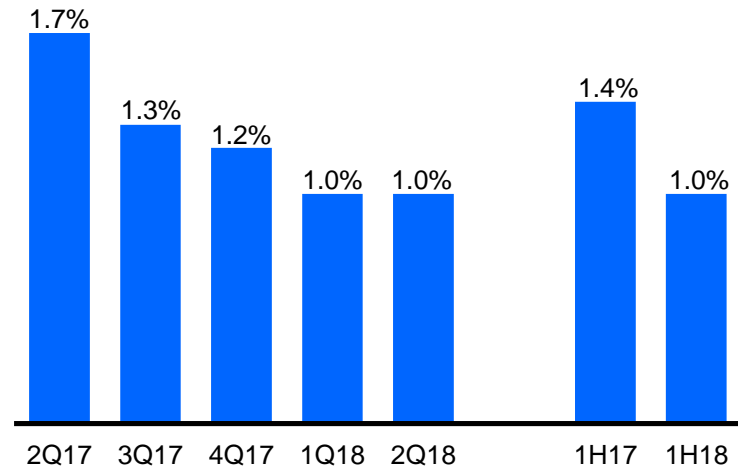


# Postpaid mobile

Acquisition cost per postpaid customer (S\$)



Monthly churn rate (postpaid)

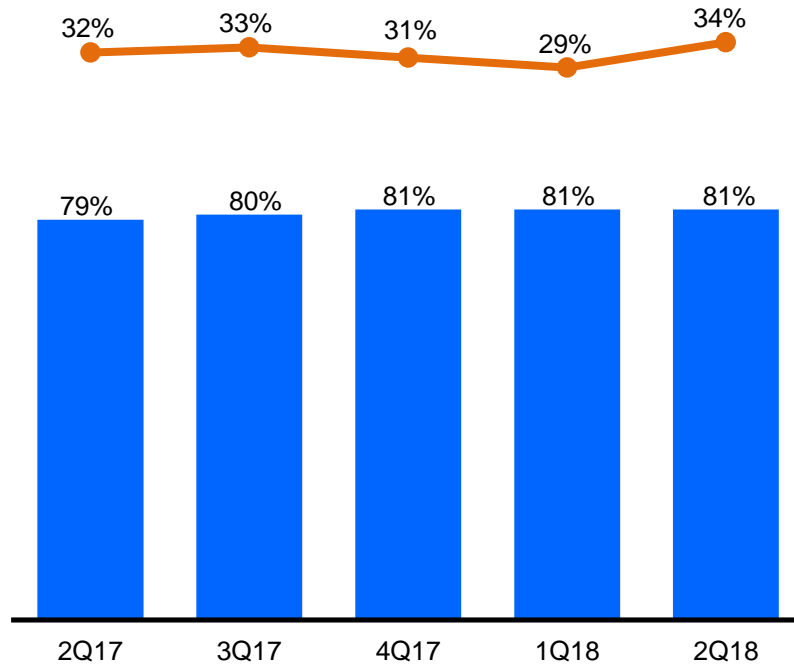


Note: Cash basis

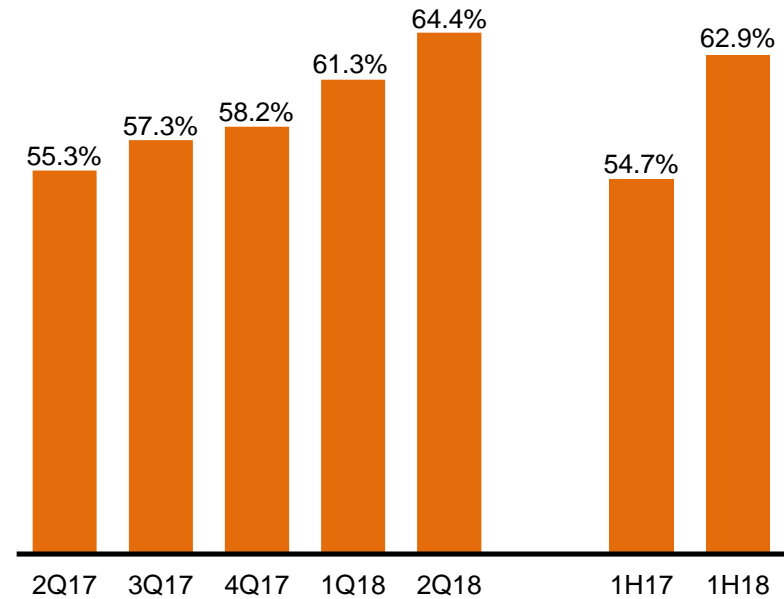
# Tiered data plans & mobile data contribution

## 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

Performance highlights

**Developments & Outlook**



## Developments and outlook

### Advanced network

- Stay at forefront of technology advancements
  - Embark on early multi-vendor 5G trials
  - Strong foundation in dense cell grid
  - Advanced NB-IoT network
- Well positioned to support highly reliable and responsive applications

### Growth opportunities

- Smart Nation initiatives accelerating digitalisation and transformation of businesses
  - Leverage on our scaled up ICT and digital capabilities to capture new opportunities

### Estimates for FY2018

- Capex to be around S\$120m
- Second half net profit after tax to be lower YoY



Thank you