



# 3Q18 Results Presentation

24 October 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 9 months 2018

- Service revenue grew 3.4% YoY to S\$568m
- Fixed services revenue grew 22.5% YoY to S\$106m
- Net profit after tax closed at S\$106m

## Performance highlights for 3Q2018

- Mobile services revenue remained stable YoY at S\$143m
  - Mobile data revenue grew to 64.6% of service revenue
  - Postpaid customer base grew 24,000 QoQ
- Fixed services contributed 19.9% of service revenue
  - Fibre customer base grew 4,000 QoQ



# Agenda

Financial highlights

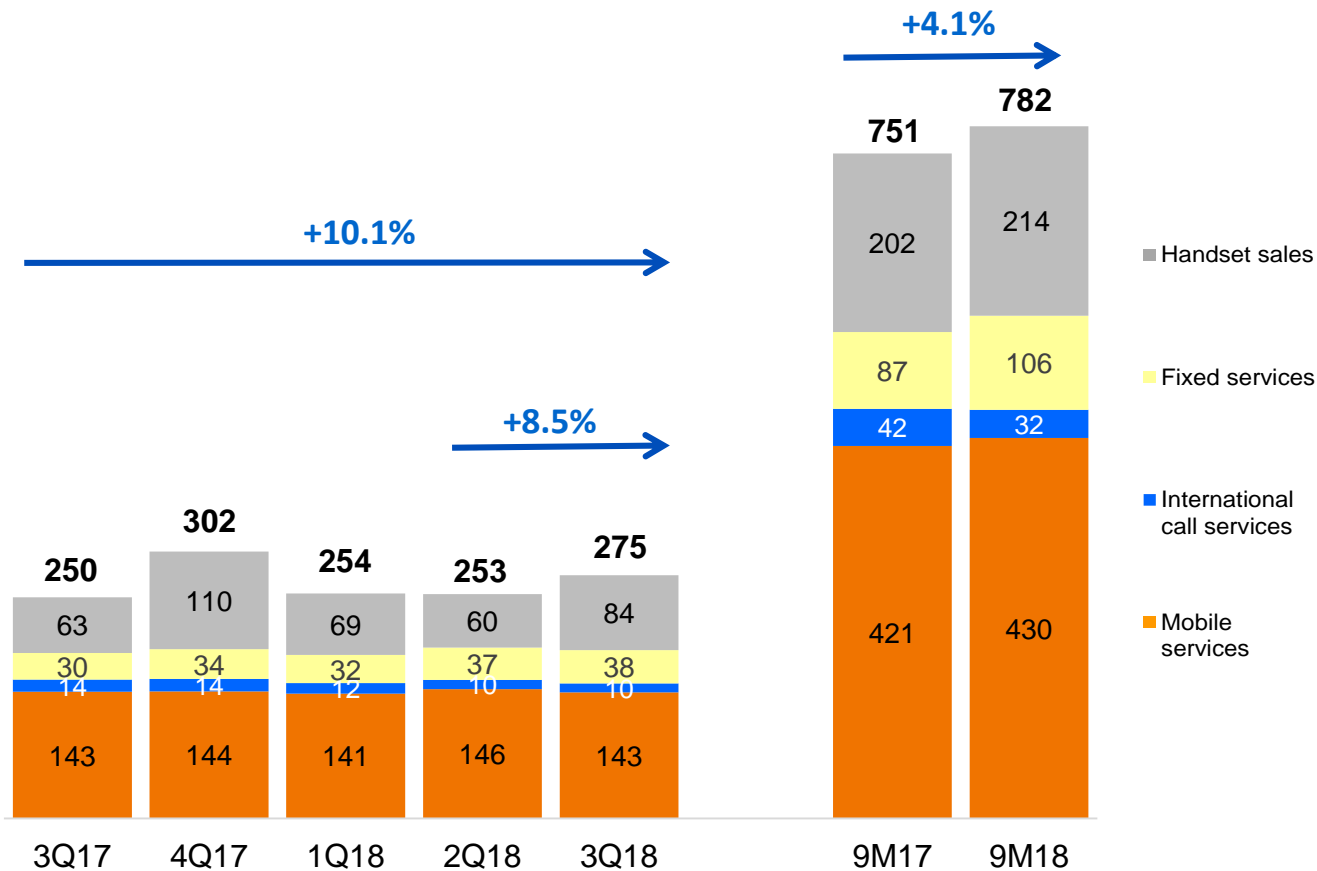
Performance highlights

Developments



# Revenues (S\$m)

	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
Service revenue (S\$m)	187	191	185	193	190	550	568

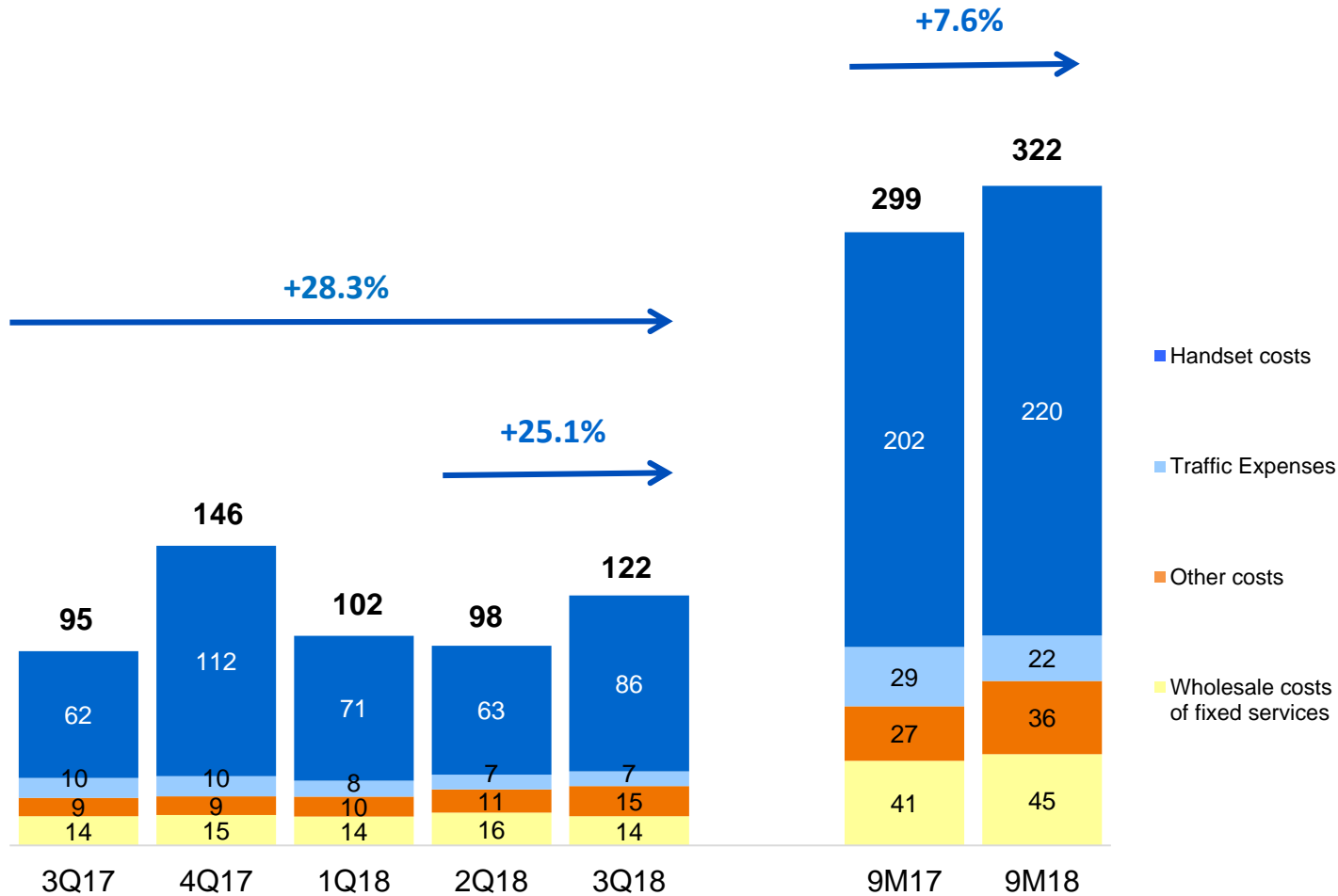


## 9M2018 vs 9M2017

- Fixed services revenue (+22.5%): Higher fibre customer base and contribution from corporate projects
- Mobile revenue (+2.1%): Higher postpaid revenue
- International call revenue (-23.8%): Lower traffic
- Handset sales (+6.0%): Higher selling price and sales volume



# Cost of sales (S\$m)

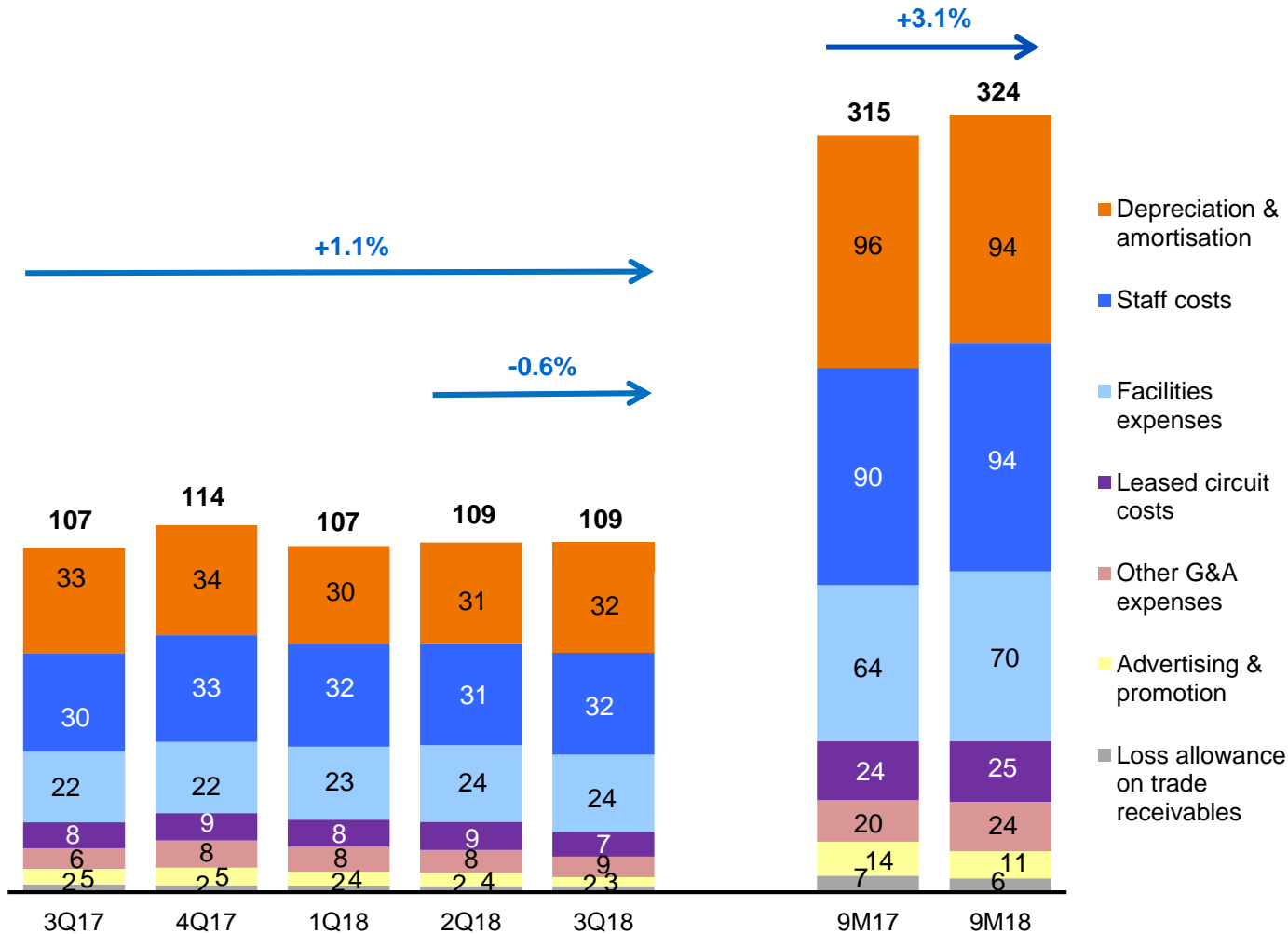


## 9M2018 vs 9M2017

- Traffic expenses (-23.0%): Lower traffic
- Other costs (+33.4%): Costs incurred for corporate projects
- Wholesale costs of fixed services (+8.1%): Higher customer base
- Handset costs (+8.5%): Higher unit cost and sales volume



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



## 9M2018 vs 9M2017

- Depreciation & amortisation expenses (-1.9%): Certain 3G network assets fully depreciated
- Staff costs (+5.3%): Salary increment and expansion of corporate team
- Facilities expenses (+8.7%): Higher repair & maintenance costs
- Other G&A expenses (+21.6%): Impairment loss on investment in an associate and last year benefited from gain on fixed asset disposal

	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
Interest expense (S\$m)	2.9	2.9	2.8	2.9	2.9	7.0	8.6



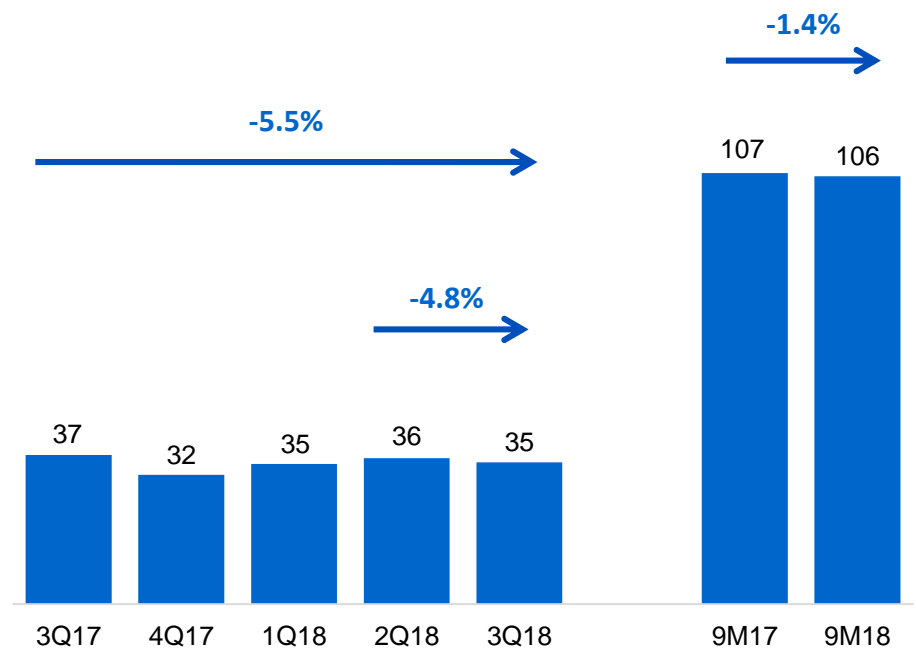
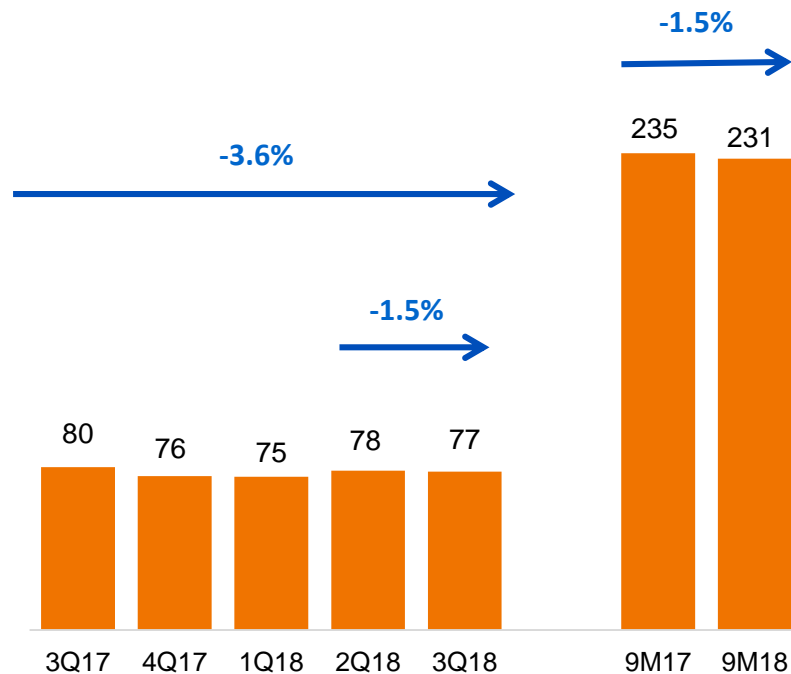
# EBITDA & Net profit after tax

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

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

	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
EBITDA margin (on service revenue)	42.9%	39.6%	40.8%	40.6%	40.6%	42.7%	40.7%

	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
PAT margin (on service revenue)	19.6%	16.8%	18.8%	18.8%	18.1%	19.5%	18.6%

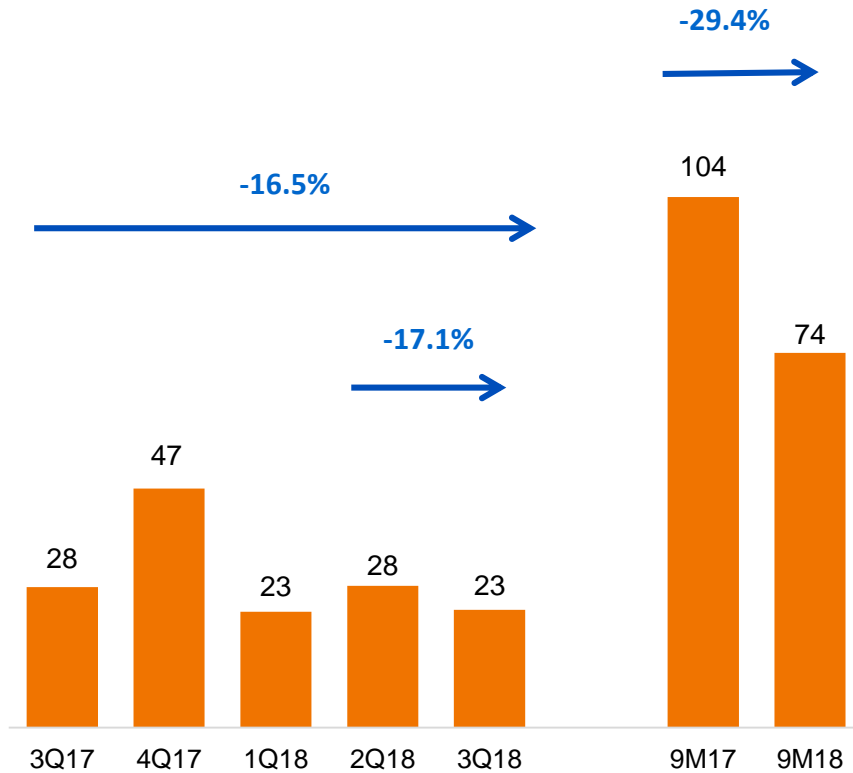






# Capex & Cash flows

Capex (S\$m)

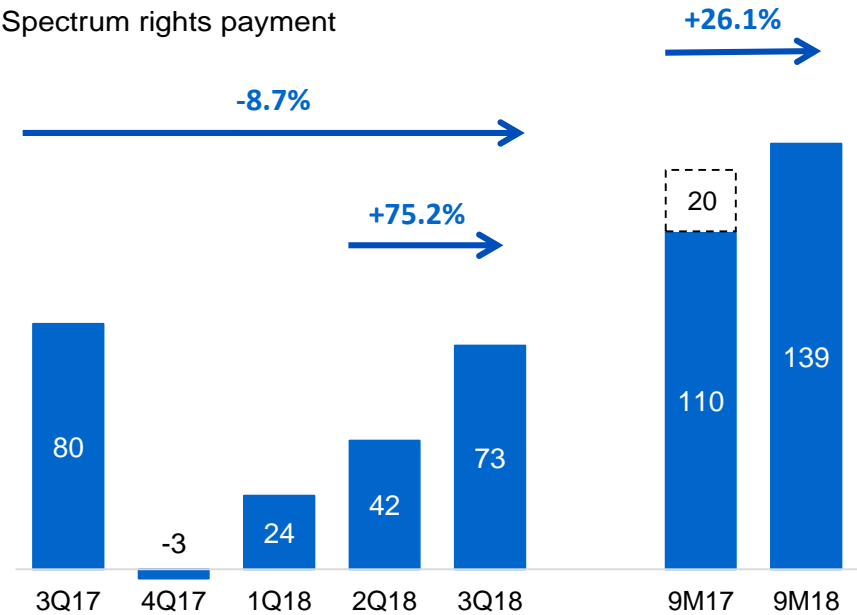


Operating and free cash flows (S\$m)

	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
Operating cash flow	107	44	47	69	96	234	212

■ Free cash flow

□ Spectrum rights payment





# Financial leverage

S\$m	9M2017	9M2018	Change
Cash & cash equivalents	52.1	<b>86.5</b>	66.1%
Net debt	397.9	<b>363.5</b>	-8.6%
Net assets	456.2	<b>497.1</b>	9.0%
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Net debt/equity (x)	0.9	<b>0.7</b>	-15.9%
Net debt/EBITDA (x)	1.3	<b>1.2</b>	-7.6%
EBITDA/Interest (x)	31.4	<b>26.6</b>	-15.2%
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Net assets per share (cents)	49.3	<b>53.5</b>	8.5%
EPS - diluted (cents)	11.5	<b>11.4</b>	-1.0%



# Agenda

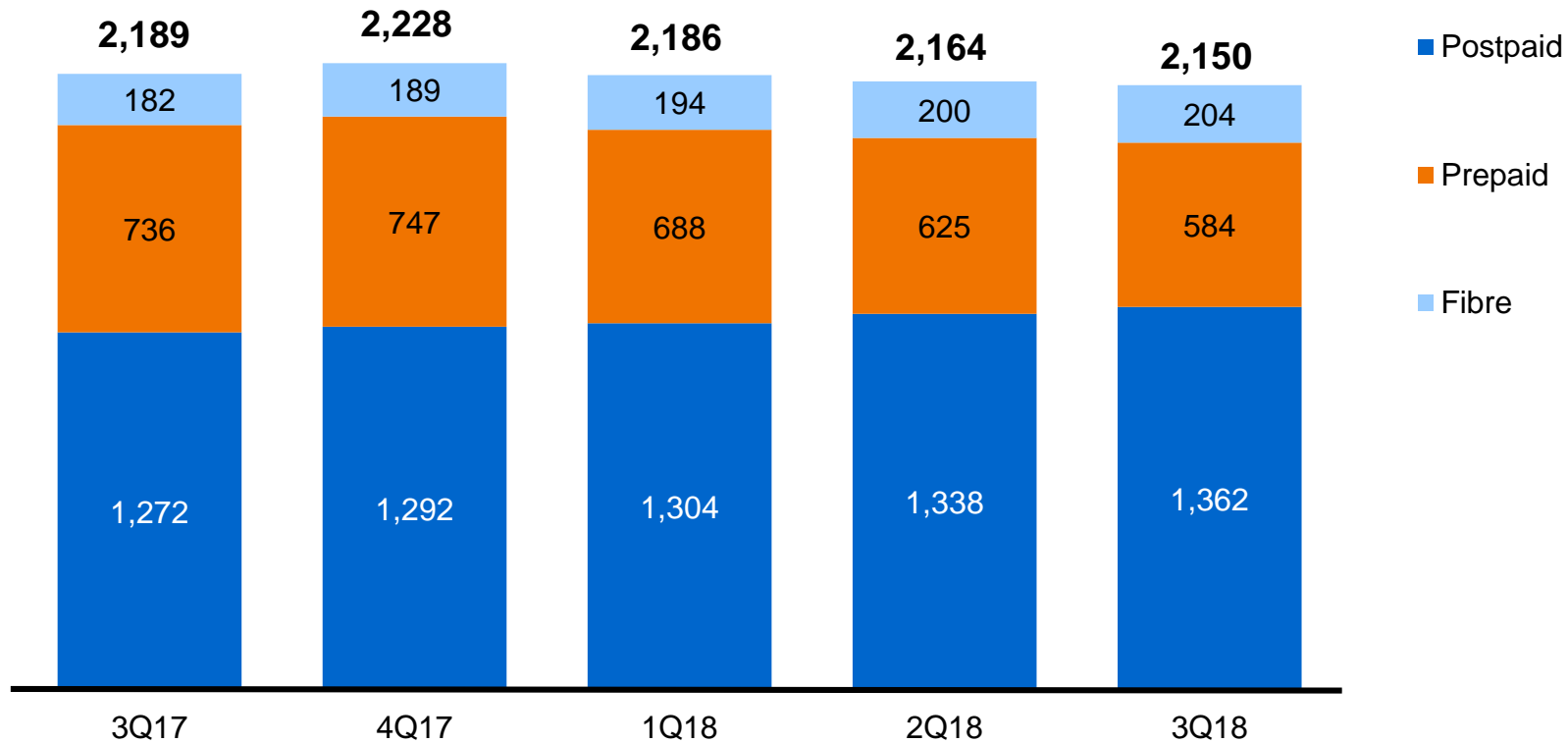
Financial highlights

Performance highlights

Developments

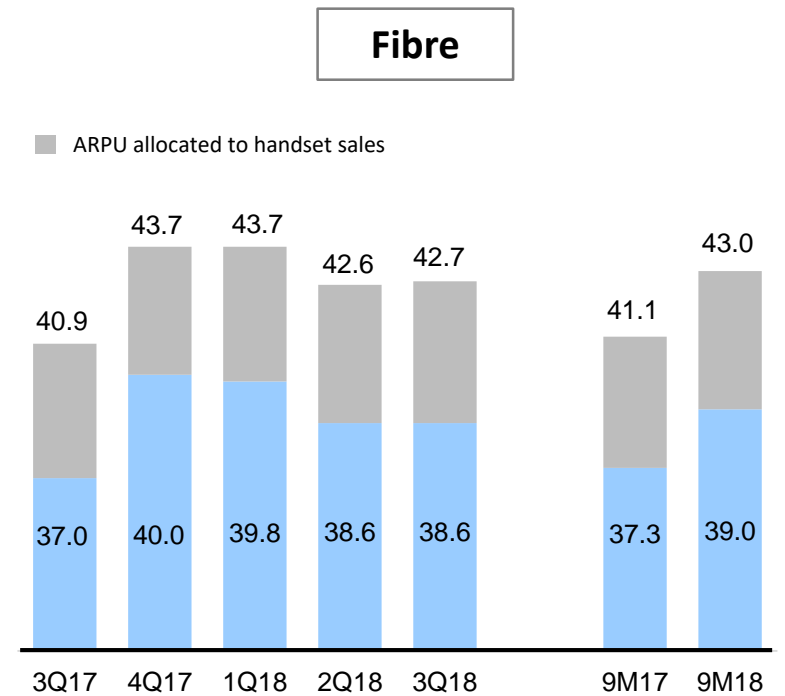
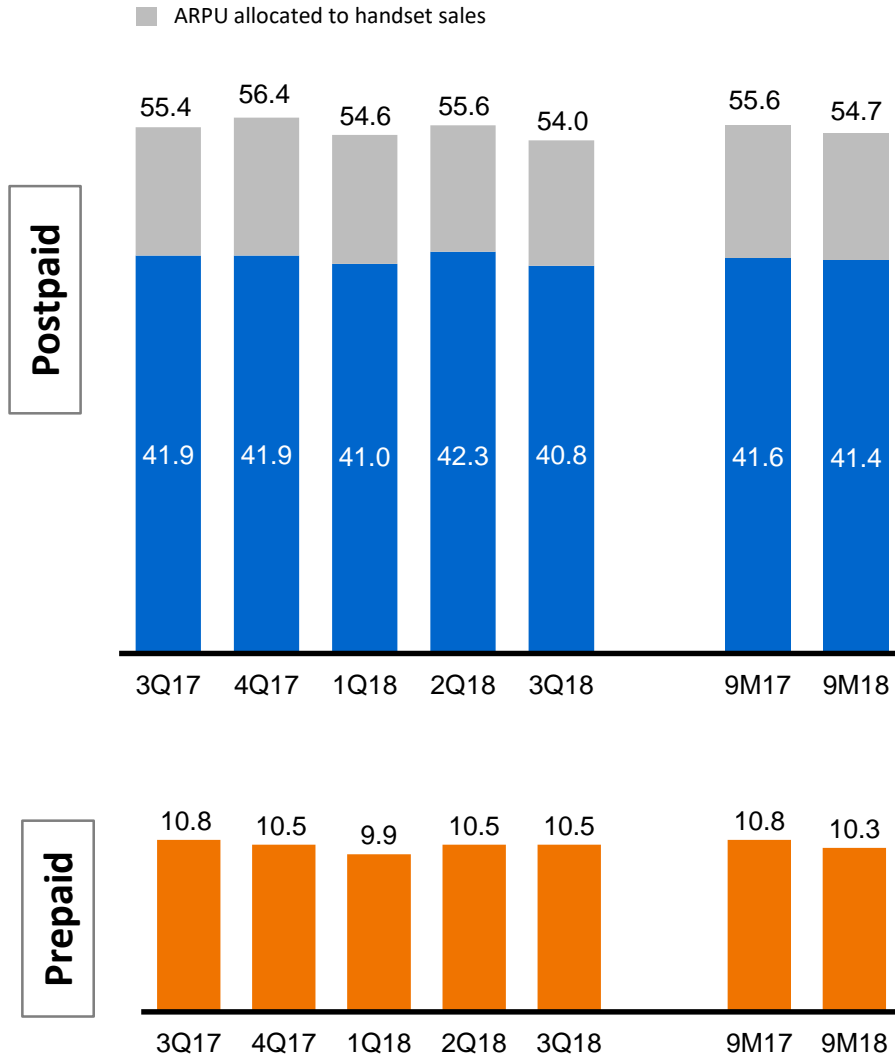


# Customer base ('000)





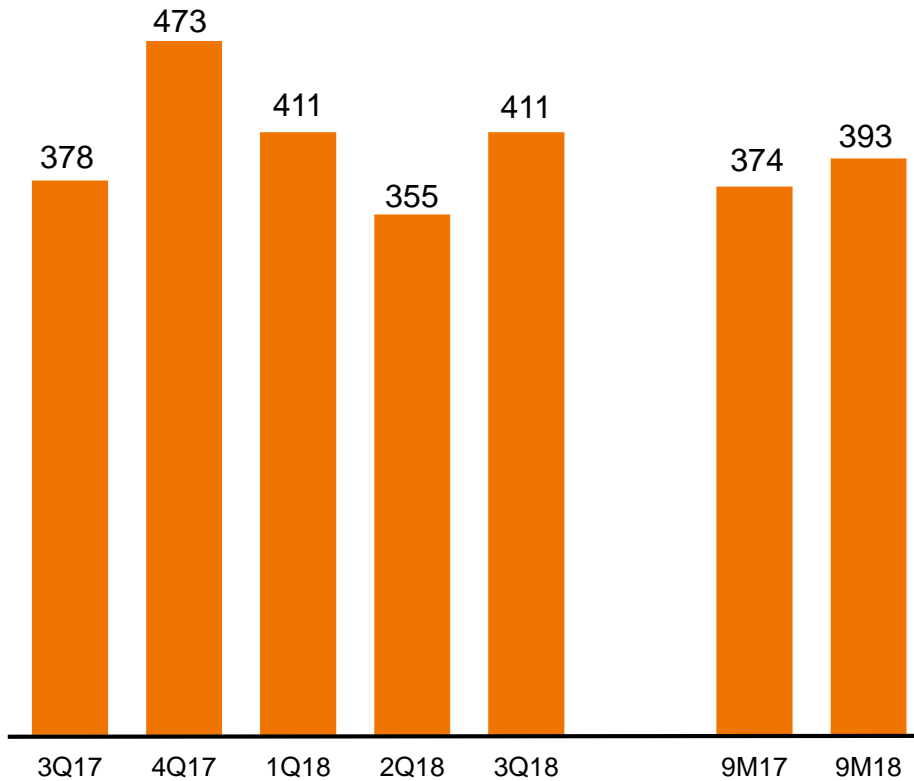
# Mobile and Fibre ARPUs (\$)



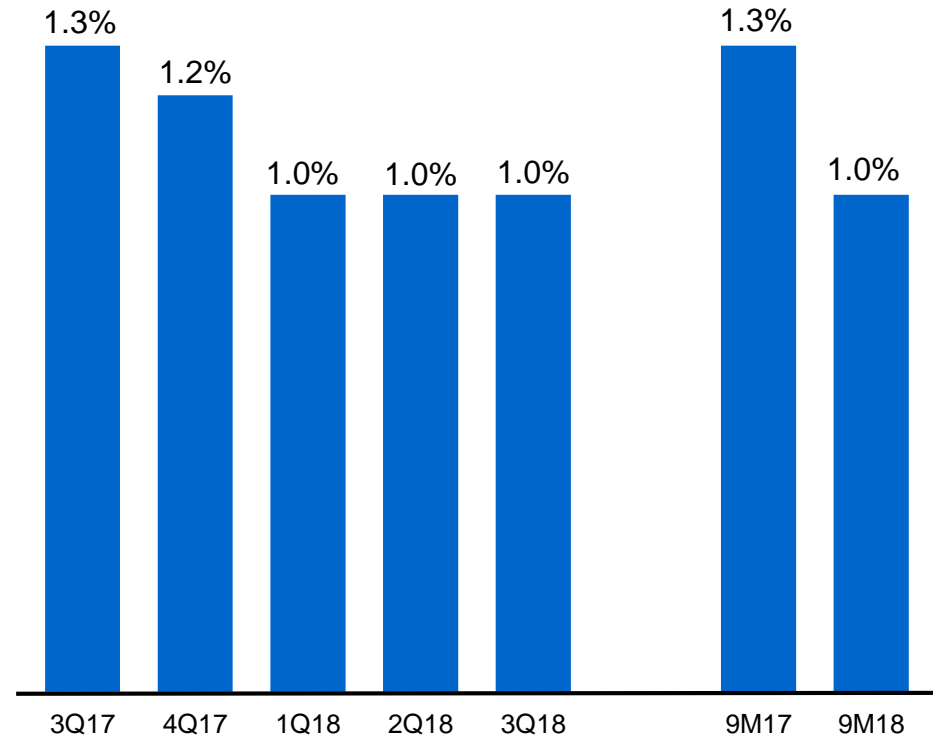


# Postpaid mobile

Acquisition cost per postpaid customer (S\$)



Monthly churn rate (postpaid)



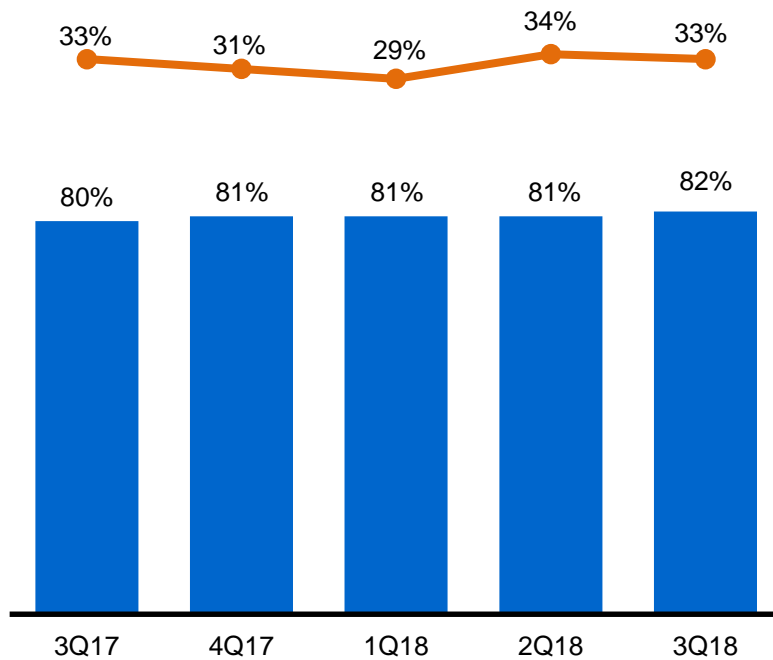
Note: Cash basis



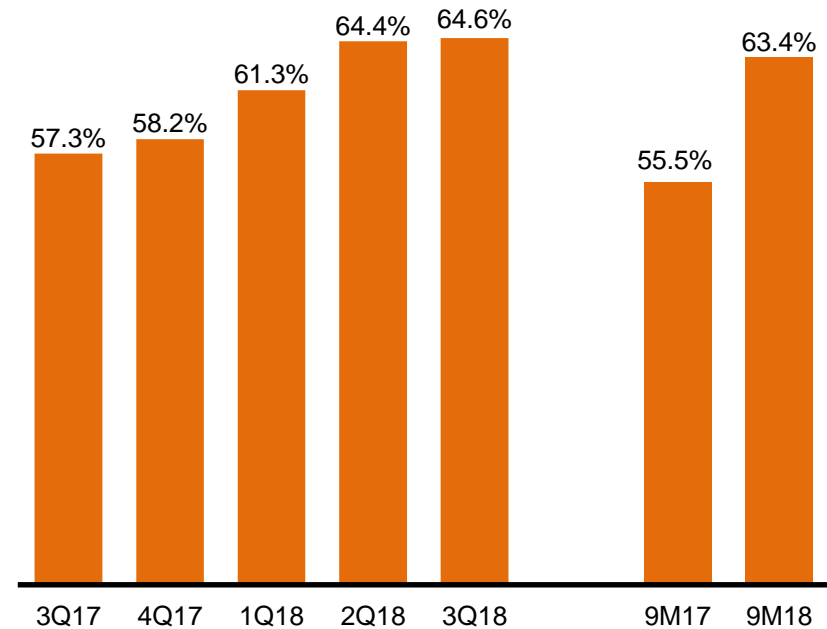
# Tiered data plans & Mobile data contribution

## 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

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# Pre-conditional Voluntary General Offer (VGO)

## Highlights

- Pre-conditional VGO made by Konnectivity Pte. Ltd. (the “Offeror”), a company jointly owned by Keppel Corporation Limited and Singapore Press Holdings Limited
  - S\$2.06 in cash for all shares
  - Current aggregate interest of 33.27% stake
- Subject to IMDA’s approval
- Minimum acceptance condition
  - The Offer, if and when made, will be conditional on the Offeror having received, by the close of the Offer, valid acceptances in respect of more than 50% of the Company’s shares in issue as at the close of the Offer\*
- More details in the Pre-conditional Offer announcement (dated 27 September 2018)

*\* Includes any shares which may be unconditionally issued pursuant to the valid exercise of the Company’s share options or the valid vesting and release of the Company’s share awards prior to the close of the Offer*



Thank you