



# 1Q17 Results Presentation

17 April 2017



## 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 1Q17

- Operating revenue increased 1.2% YoY to S\$261m
  - Steady service revenue
- EBITDA margin at 39.2% of service revenue
- Net profit after tax was S\$36.3m
  - 14.3% higher QoQ

## Performance highlights for 1Q17

- Mobile customer base increased 27,000 QoQ to 2.05m
- Mobile data revenue was 55.1% of service revenue
- Fibre customer base grew 8,000 QoQ to 168,000
- Fixed service revenue increased to 15% of service revenue



# Agenda

Financial highlights

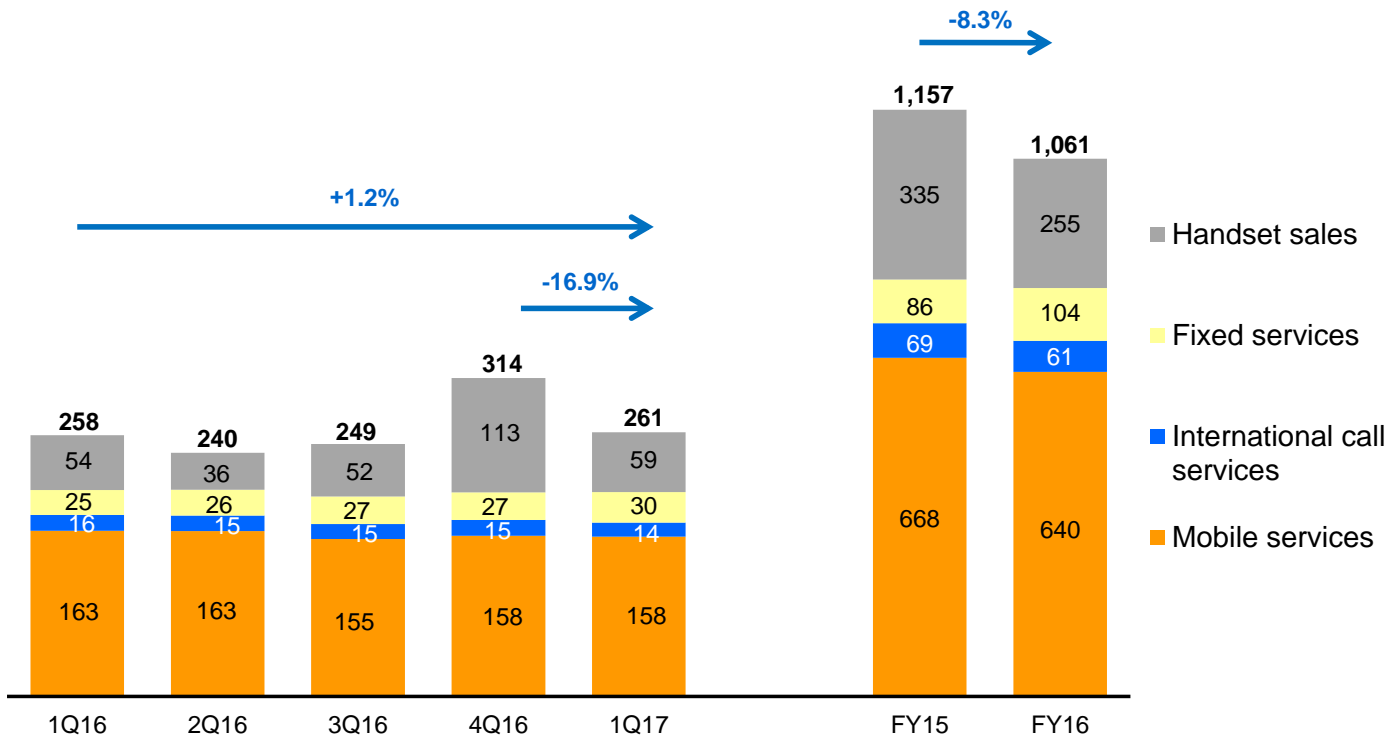
Performance highlights

Developments and Outlook



# Revenues (S\$m)

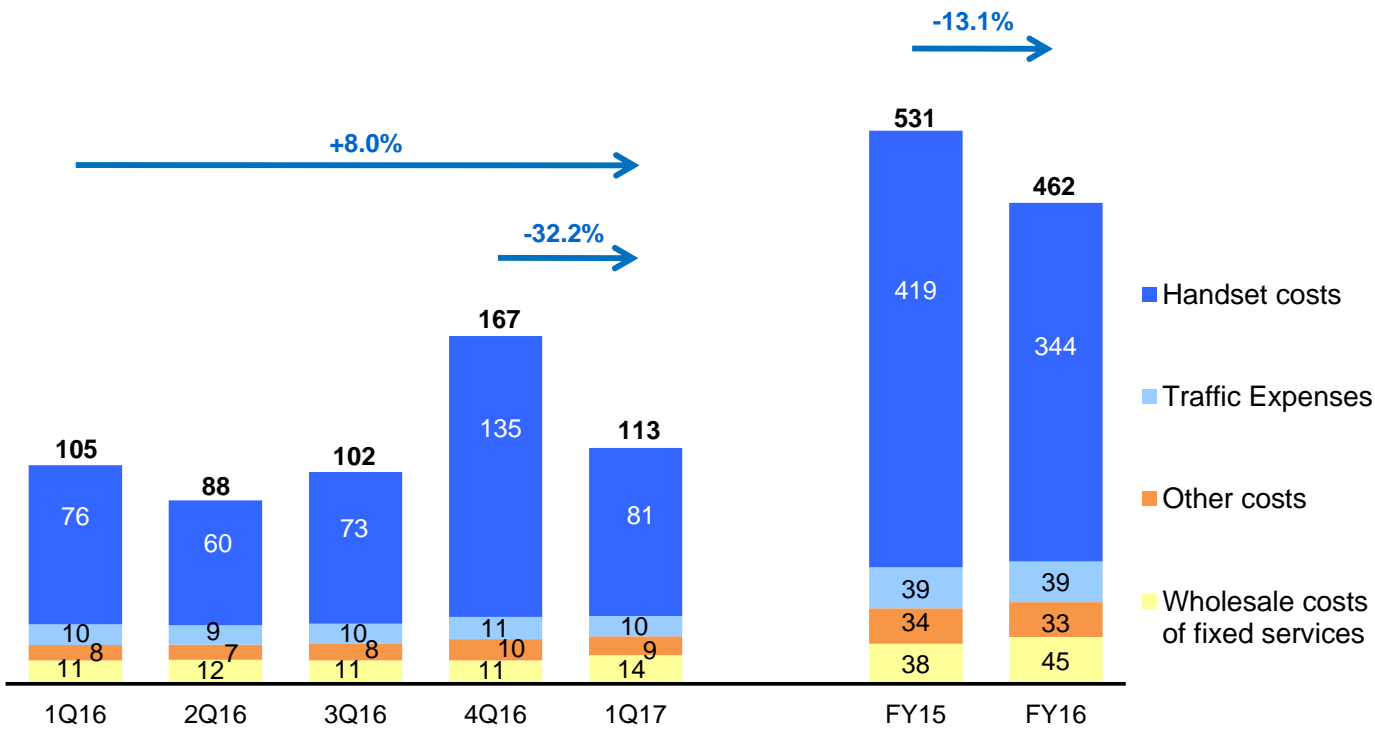
	1Q16	2Q16	3Q16	4Q16	1Q17	FY15	FY16
Service revenue (S\$m)	203	204	197	201	<b>202</b>	822	806



## 1Q2017 vs 1Q2016

- Handset sales (+9.2%): Higher sales volume
- Fixed services revenue (+22.8%): Higher customer base
- International call revenue (-10.7%): Lower retail revenue
- Mobile revenue (-3.6%): Lower roaming revenue

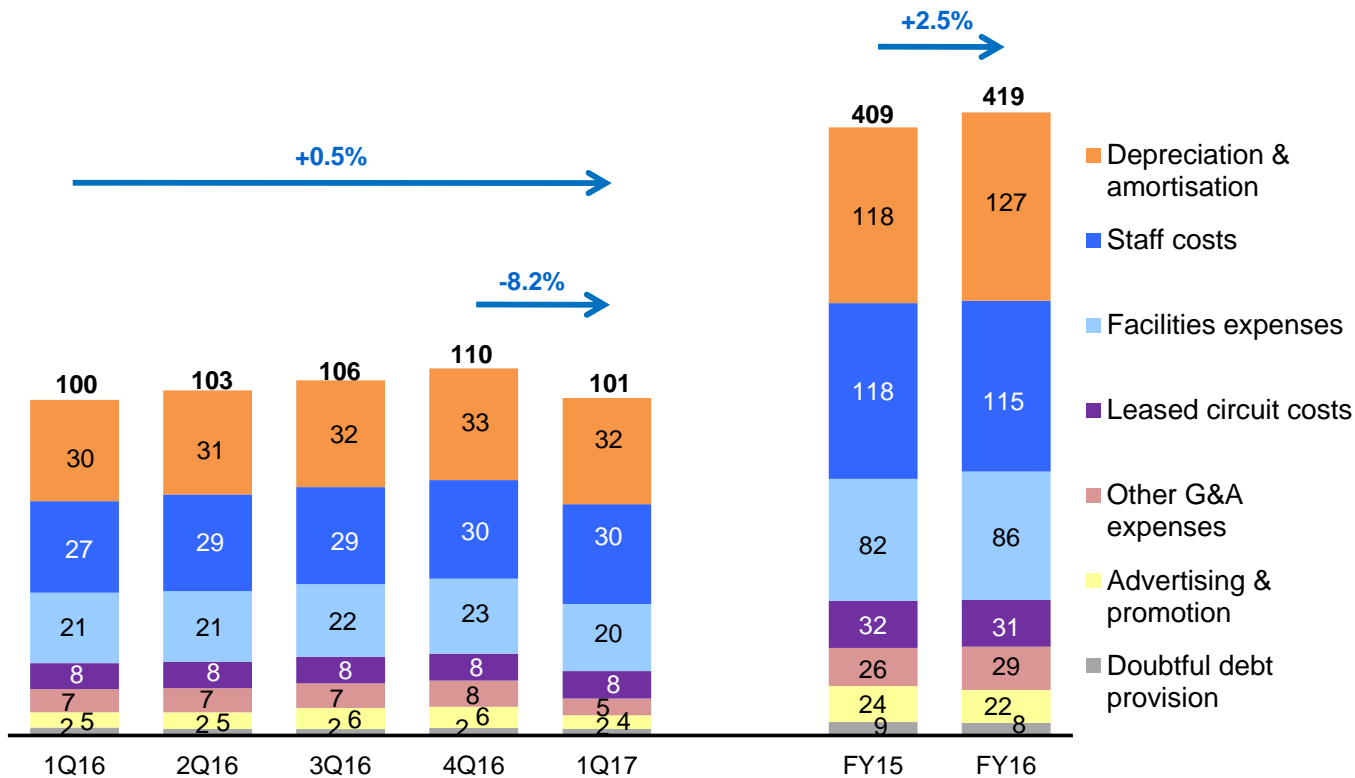
# Cost of sales (S\$m)



## 1Q2017 vs 1Q2016

- Handset costs (+5.6%): Higher sales volume
- Wholesale costs of fixed services (+24.0%): Higher customer base

# Other operating expenses (S\$m)



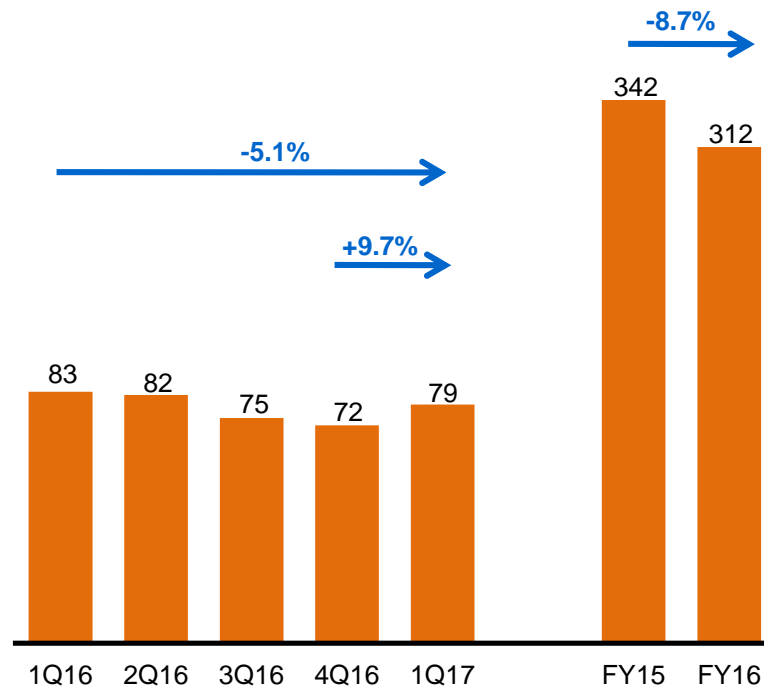
## 1Q2017 vs 1Q2016

- Depreciation & amortisation expenses (+4.3%): Higher fixed asset base
- Staff cost (+9.3%): 1Q16 benefitted from higher wage credits

# EBITDA & net profit after tax

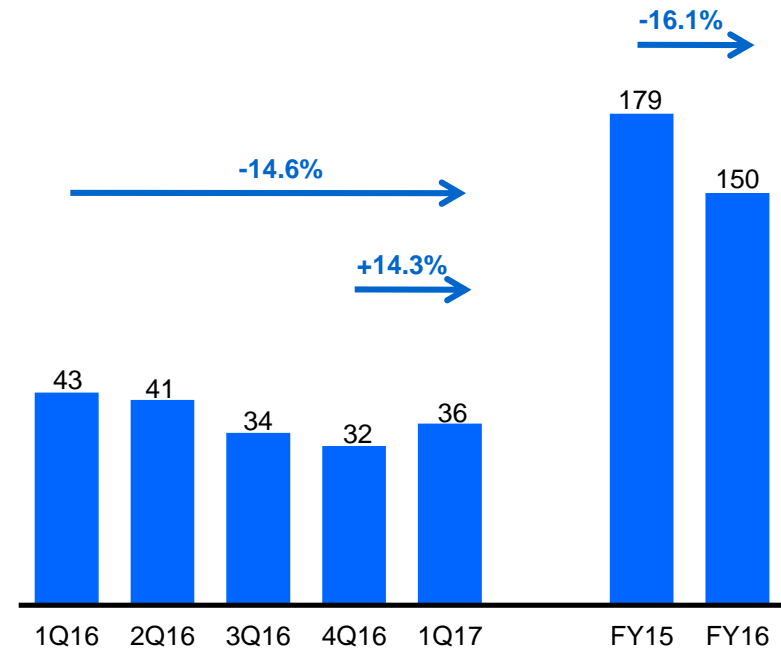
EBITDA (S\$m) & margin on service revenue

	1Q16	2Q16	3Q16	4Q16	1Q17	FY15	FY16
EBITDA margin (on service revenue)	40.9%	40.3%	37.8%	35.8%	<b>39.2%</b>	41.6%	38.7%



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

	1Q16	2Q16	3Q16	4Q16	1Q17	FY15	FY16
PAT margin (on service revenue)	20.9%	20.1%	17.4%	15.8%	<b>18.0%</b>	21.7%	18.6%

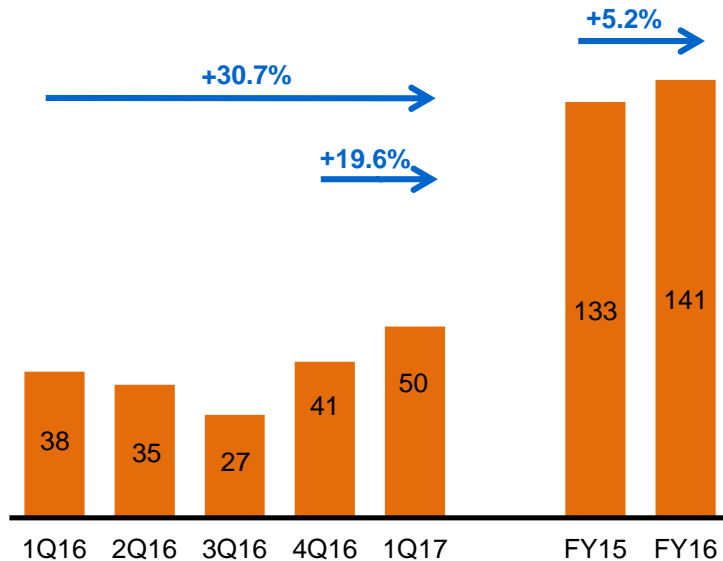






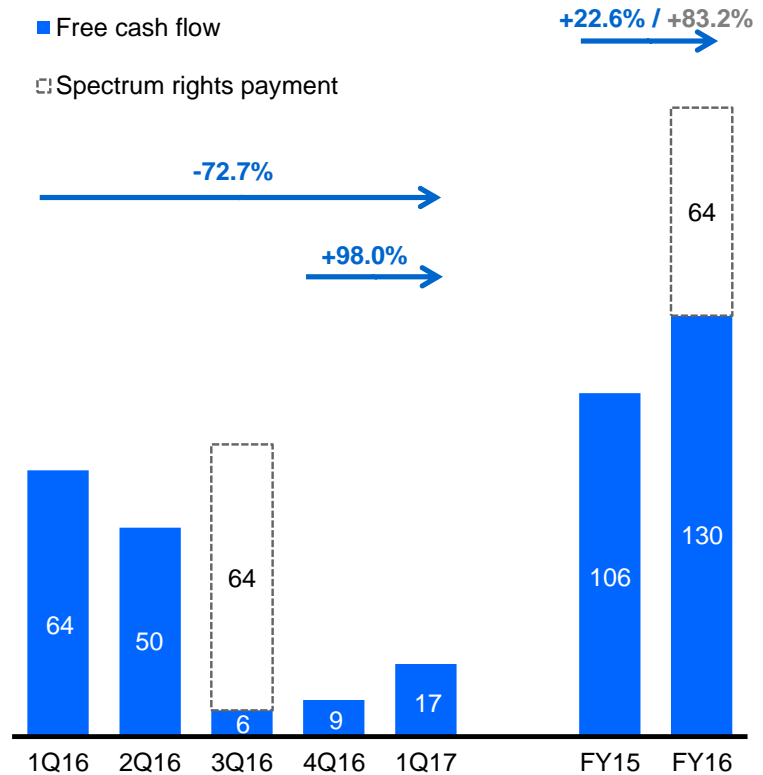
# Capex & Cash flows

Capex (S\$m)



Operating and free cash flows (S\$m)

	1Q16	2Q16	3Q16	4Q16	1Q17	FY15	FY16
Operating cash flow	102	85	98	50	48	239	335





# Financial leverage

S\$m	1Q2016	1Q2017	Change
Cash & cash equivalents	11.6	<b>7.5</b>	-34.8%
Net debt	299.9	<b>376.2</b>	25.4%
Net assets	436.7	<b>438.8</b>	0.5%
Net debt/equity (x)	0.7	<b>0.9</b>	24.9%
Net debt/EBITDA (x)	0.9	<b>1.2</b>	30.7%
EBITDA/Interest (x)	66.8	<b>41.1</b>	-38.5%
Net assets per share (cents)	47.0	<b>47.2</b>	0.4%
EPS - diluted (cents)	4.5	<b>3.9</b>	-14.1%



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Financial highlights

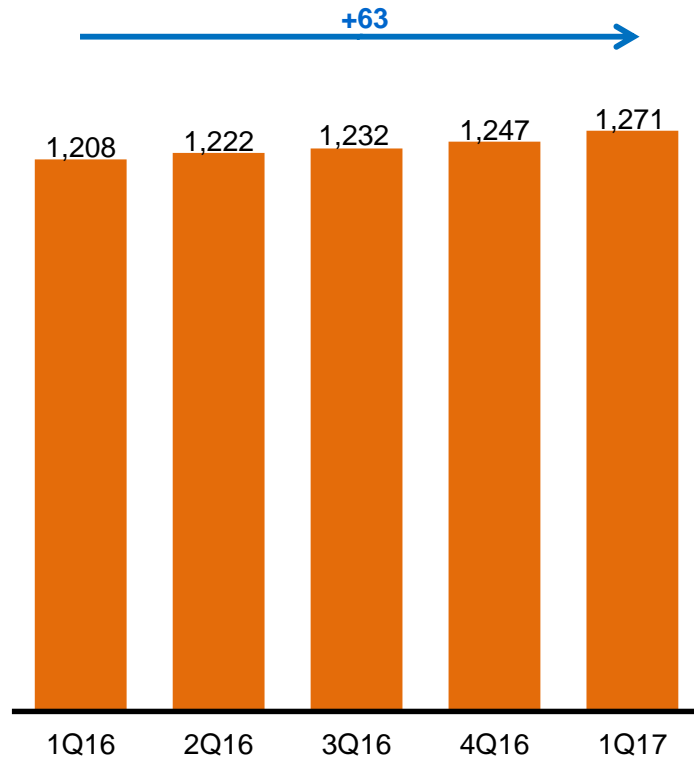
**Performance highlights**

Developments and Outlook

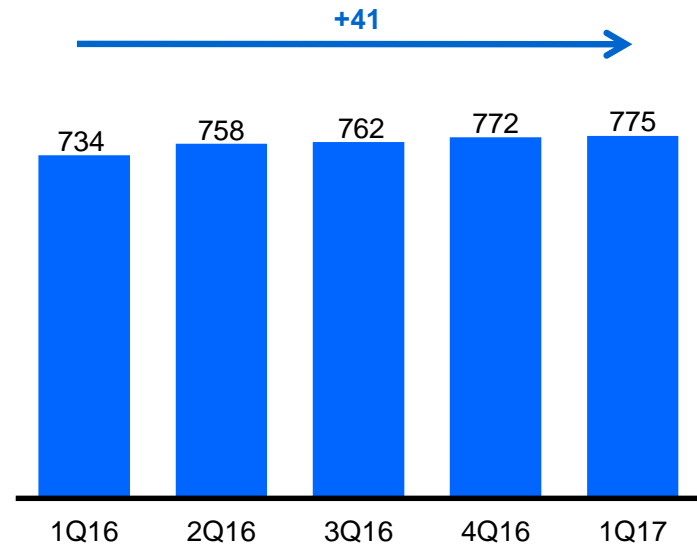


# Mobile customers

Postpaid customer base ('000)



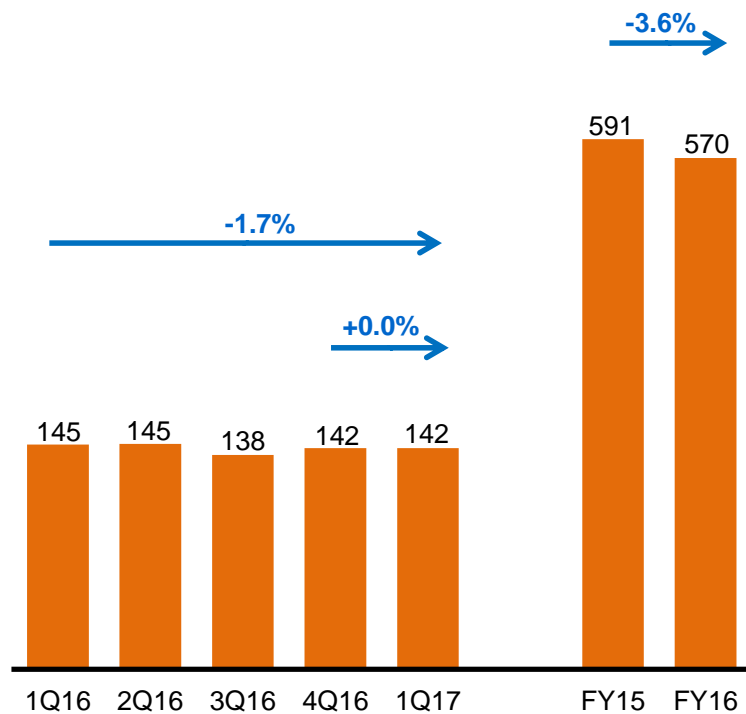
Prepaid customer base ('000)



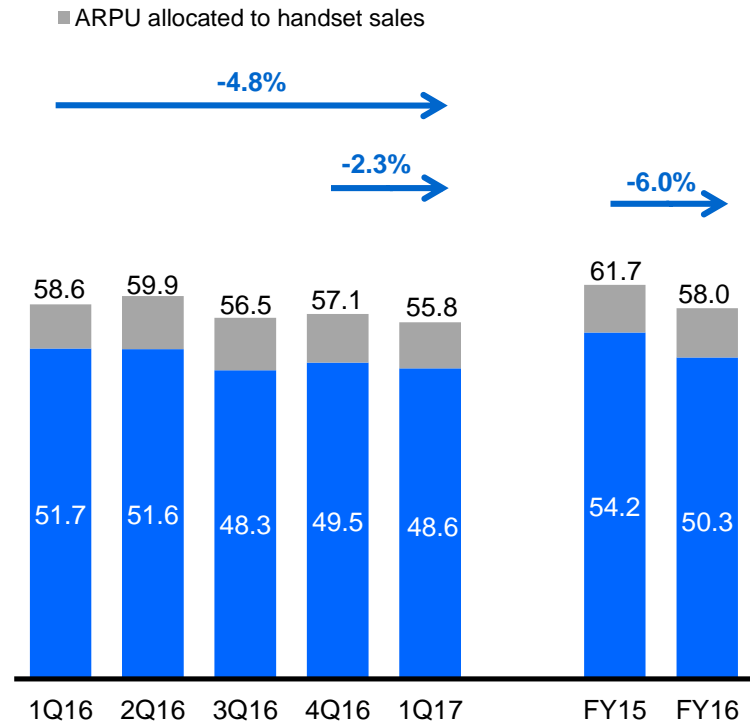


# Postpaid mobile

Postpaid mobile revenue (S\$m)



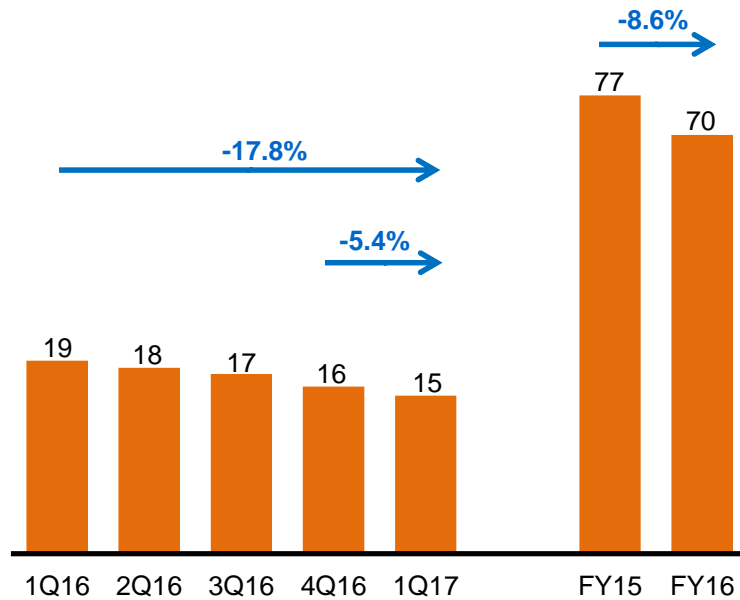
Postpaid monthly ARPU (S\$)



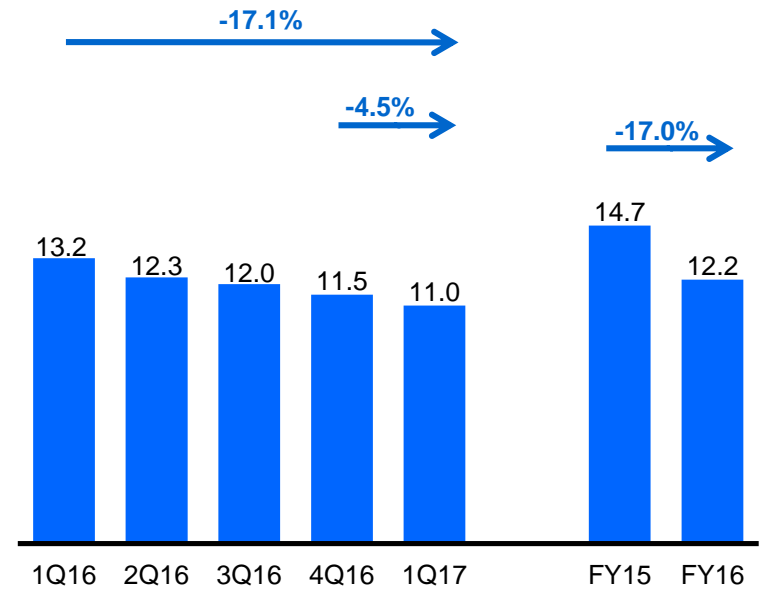


# Prepaid mobile

Prepaid mobile revenue (S\$m)



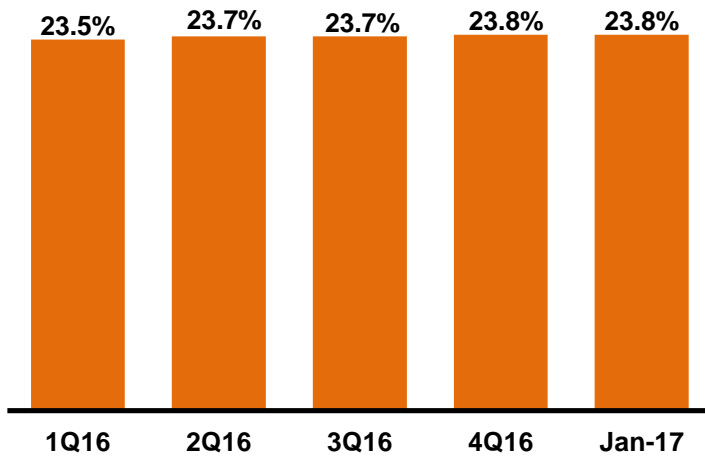
Prepaid monthly ARPU (S\$)





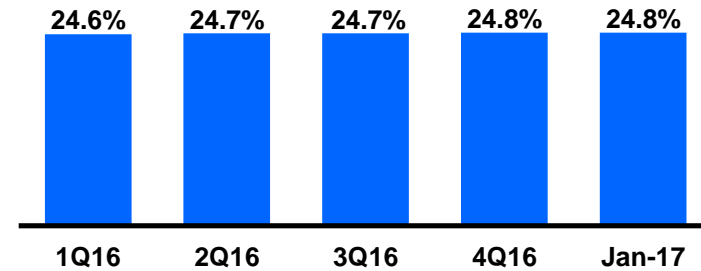
# Mobile market share

Overall market share\*

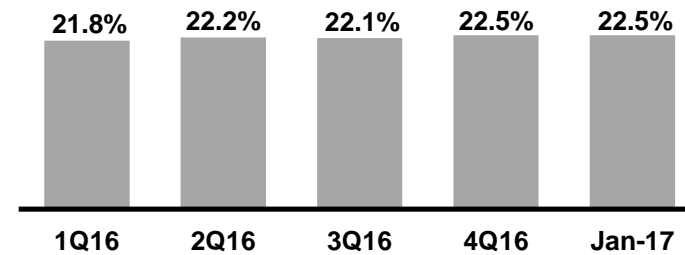


Postpaid & Prepaid market share\*

Postpaid



Prepaid

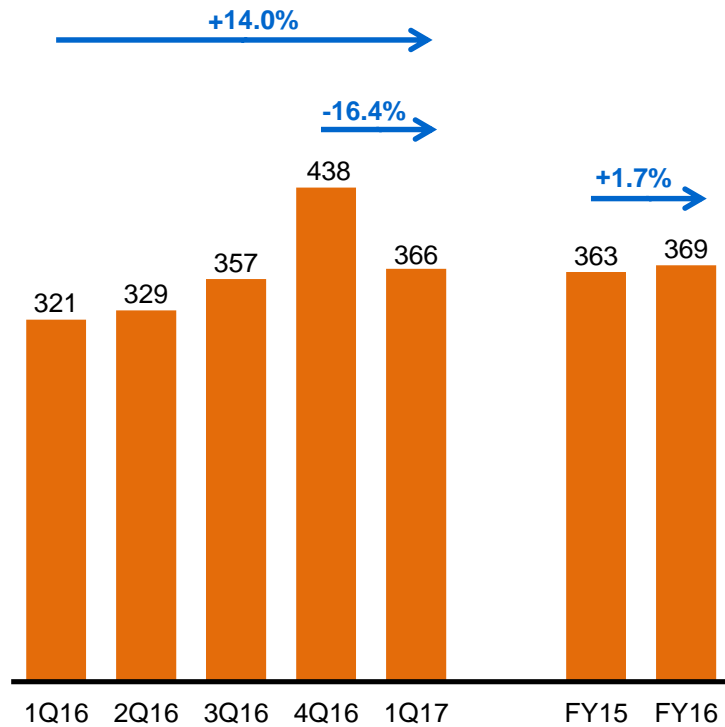


\* - Based on published statistics available at the time of submission

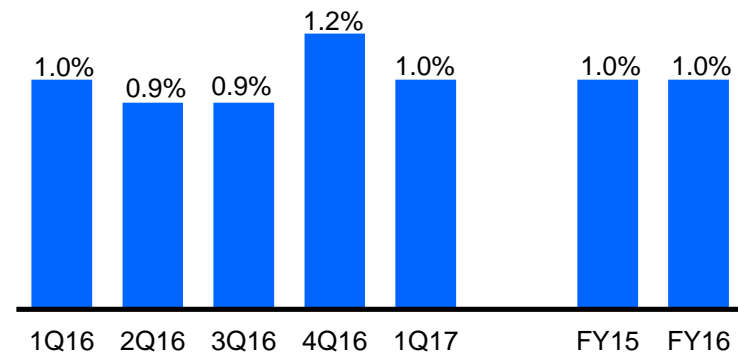


# Postpaid mobile

Acquisition cost per postpaid customer (S\$)



Monthly churn rate (postpaid)



Note: Cash basis

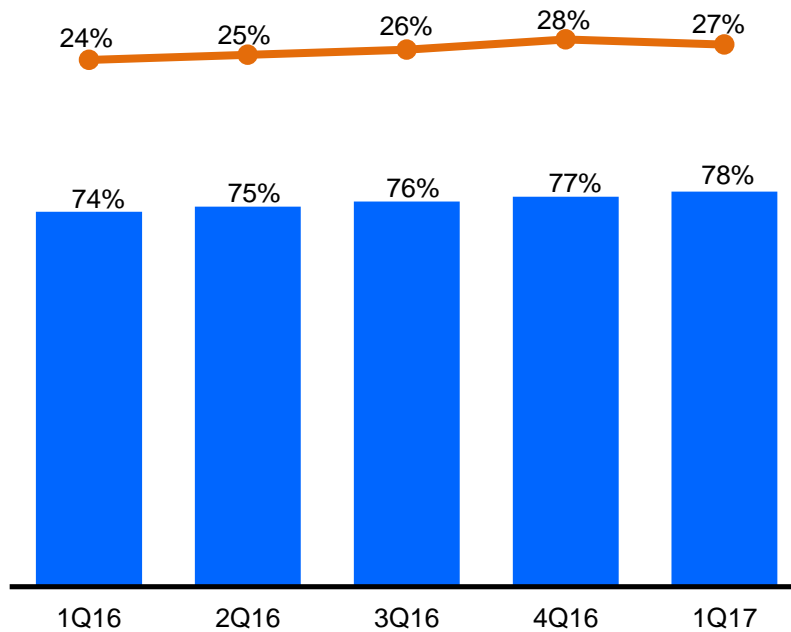




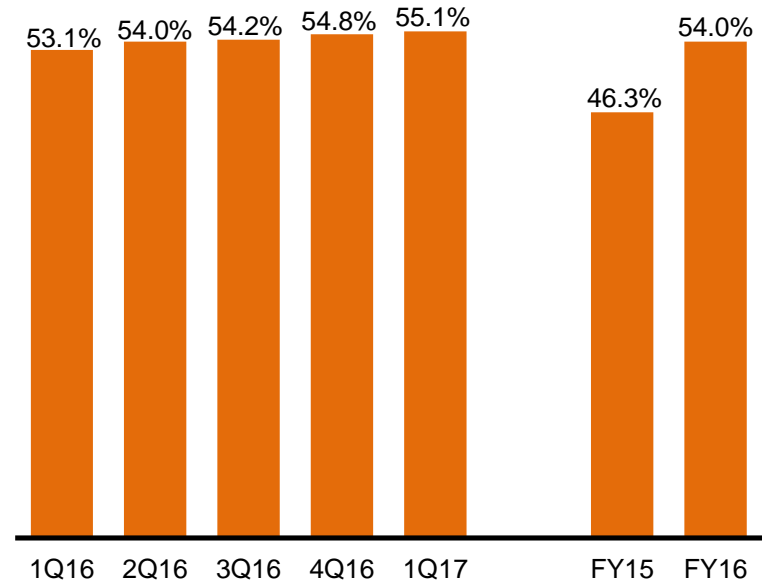
# Tiered data plans & mobile data contribution

## Tiered data plans

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



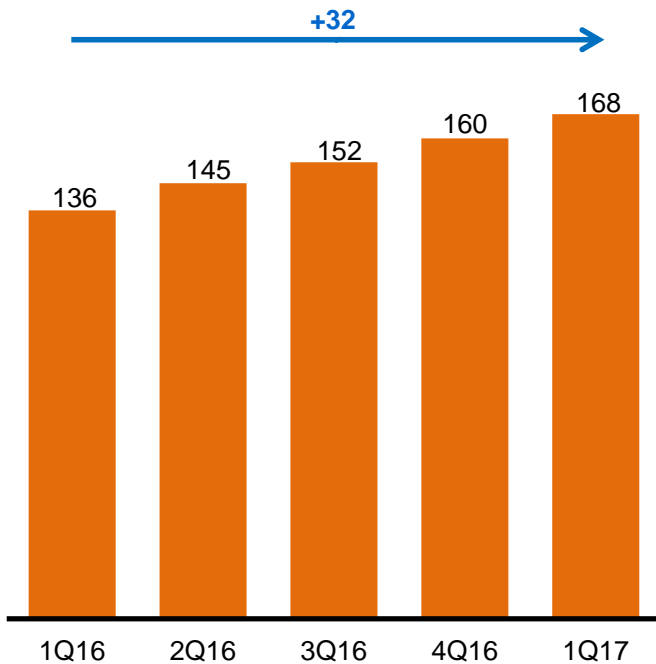
## Data contribution to mobile service revenue



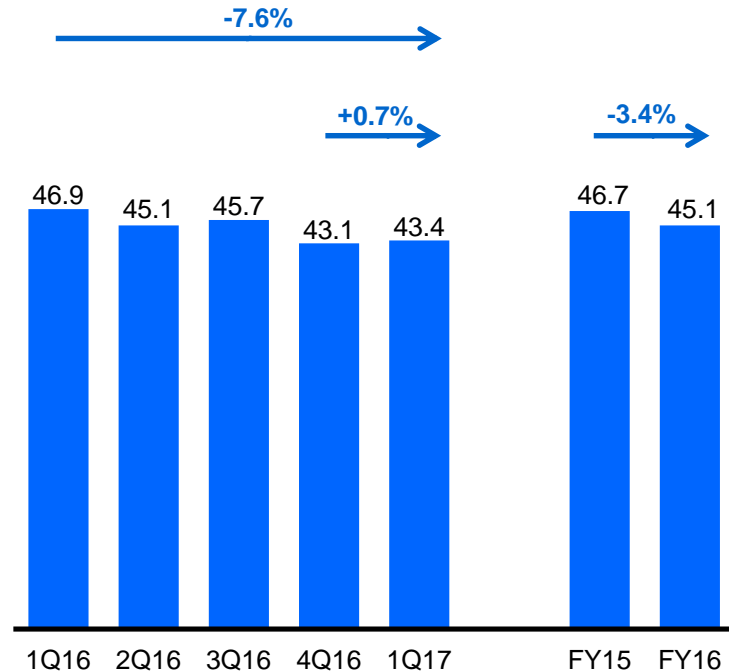


# Fixed services

Fibre customer base ('000)



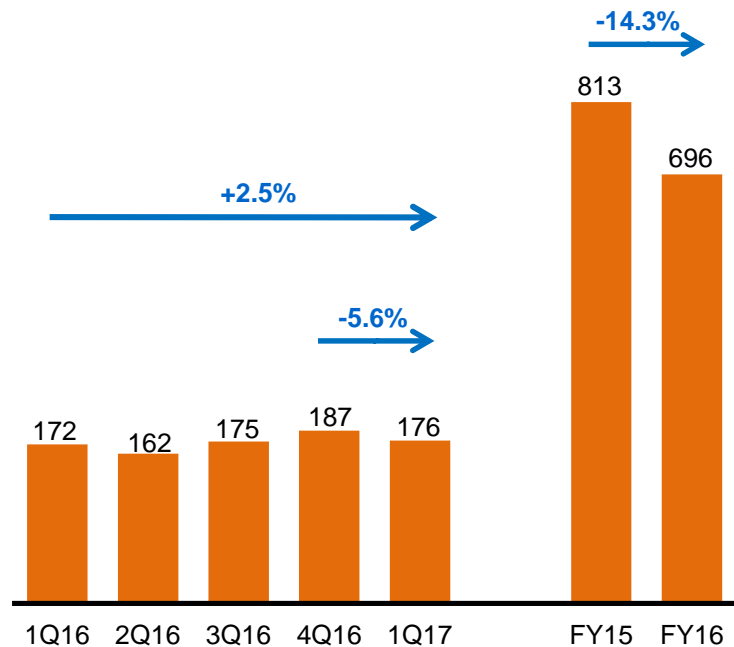
Fibre monthly ARPU (\$)



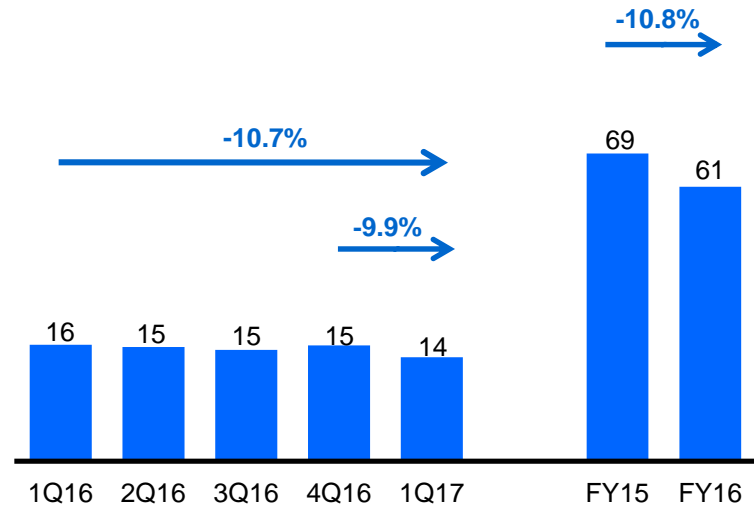


# International call services

International retail minutes  
(million mins)



International call services  
revenue (S\$m)





# Agenda

Financial highlights

Performance highlights

**Developments and Outlook**

# IMDA General Spectrum Auction

## Outcome

- Total spectrum cost of S\$208m
  - 2 x 10 MHz of 700 MHz spectrum
  - 2 x 5 MHz of 900 MHz spectrum

## Spectrum and network strategy

- Deliver enhanced experience cost-effectively with optimal use of spectrum
  - Small cell/WiFi HetNet deployment to deliver superior data experience
  - Re-farm part of 3G spectrum for 4G as more 3G customers migrate to 4G
  - Costly and complex to use 2.5 GHz unpaired spectrum on existing paired spectrum networks and infrastructure
- Leapfrog to 5G
  - 5G standards to be finalised in 2019
  - Additional spectrum will be made available

# Developments

## Evolution to 5G

- Largest wireless@SG WiFi operator
- Converting to integrated Small Cell/WiFi HetNet
  - MRT and LRT stations, bus interchanges, major shopping malls, hospitals, libraries, community centres, public areas of government buildings
- Lay foundation for future dense grid 5G architecture

## Enhancing capabilities

- Drive growth in Government and Corporate segments
  - New cloud-based service offerings
- Ready for new opportunities in
  - IoT services
  - Smart Nation initiatives
- Customer centricity and enhanced product propositions
  - Attract and retain customers

# Outlook

## Estimates for FY2017

- 1Q2017 results within expectations
- Capex to be around S\$150m
- Dividend policy
  - Maintain 80% payout ratio



Thank you