



1H17 Results Presentation

18 July 2017



Forward looking statements – Important note

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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 1H17

- Operating revenue increased 2.9% YoY to S\$512m
 - Stable service revenue
- EBITDA margin at 37.5% of service revenue
- Net profit after tax was S\$68.8m

Performance highlights for 2Q17

- Mobile customer base declined 2,000 QoQ to 2.04m
- Mobile data revenue was 55.5% of service revenue
- Fibre customer base grew 8,000 QoQ to 176,000
- Fixed services revenue increased to 15.2% of service revenue

Dividend

- Interim dividend of 5.2 cents per share



Agenda

Financial highlights

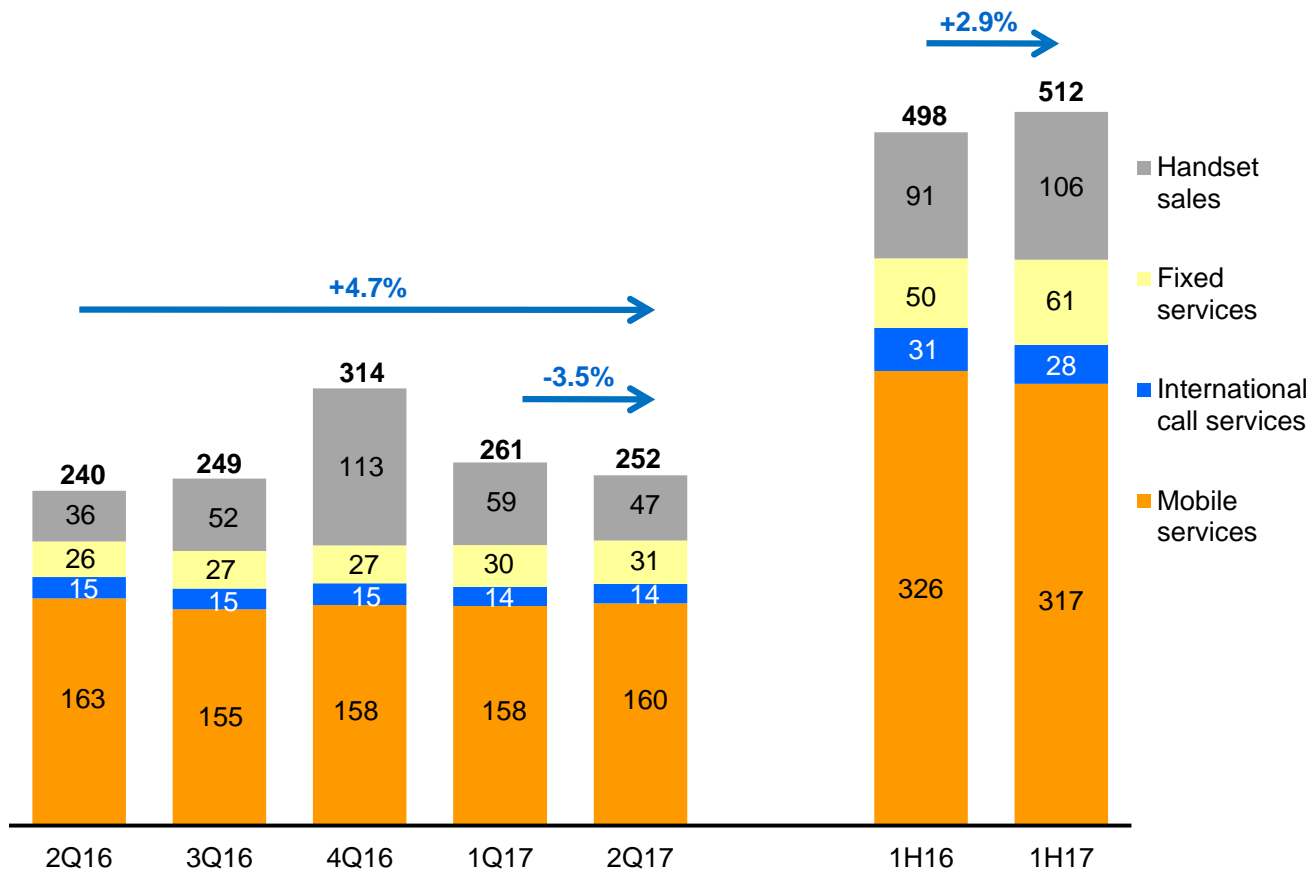
Performance highlights

Developments and Outlook



Revenues (S\$m)

	2Q16	3Q16	4Q16	1Q17	2Q17	1H16	1H17
Service revenue (S\$m)	204	197	201	202	205	407	406

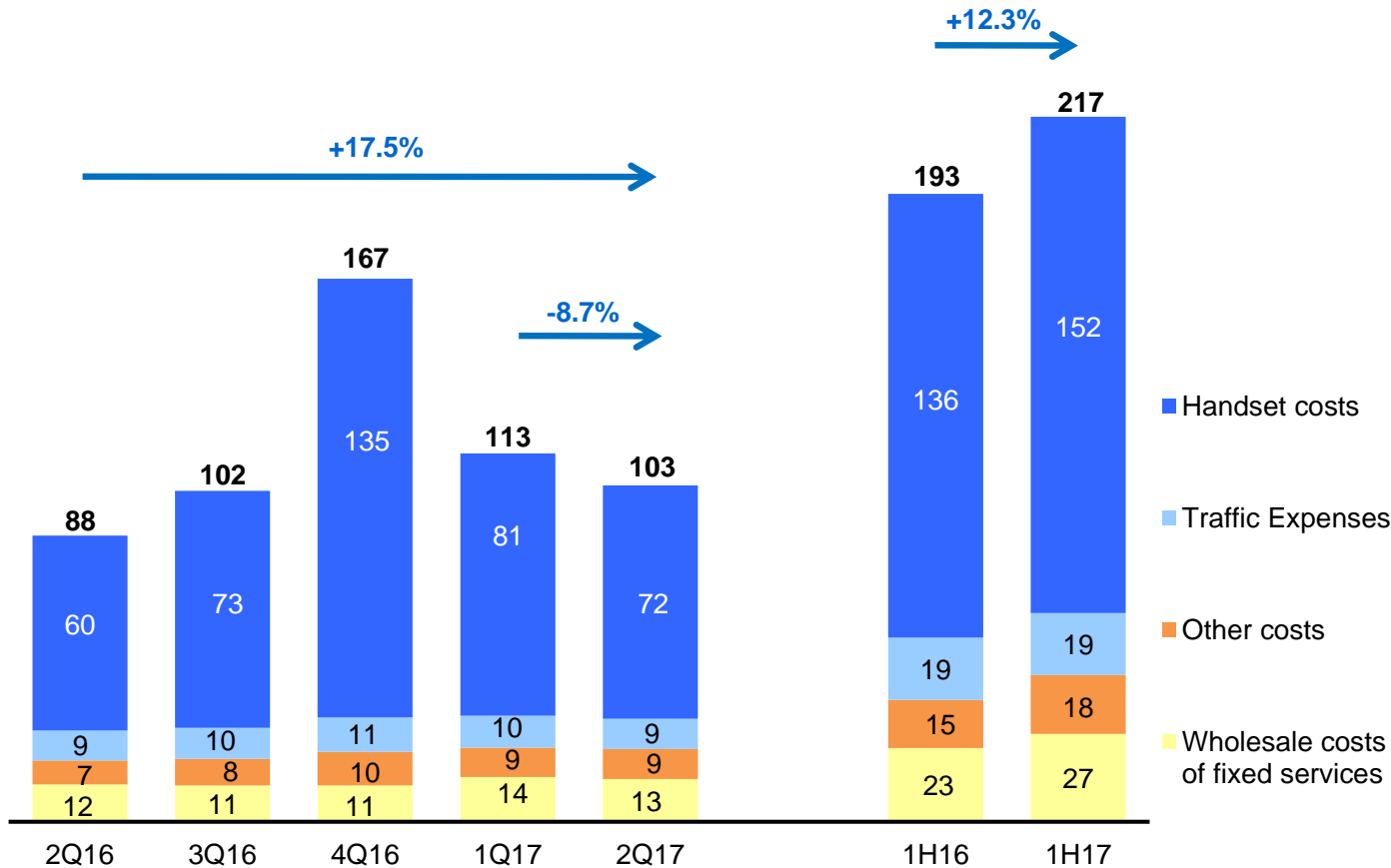


1H2017 vs 1H2016

- Handset sales (+17.1%): Higher sales volume
- Fixed services revenue (+22.3%): Higher customer base & large projects contribution
- International call revenue (-9.6%): Lower retail revenue
- Mobile revenue (-2.9%): Lower prepaid revenue



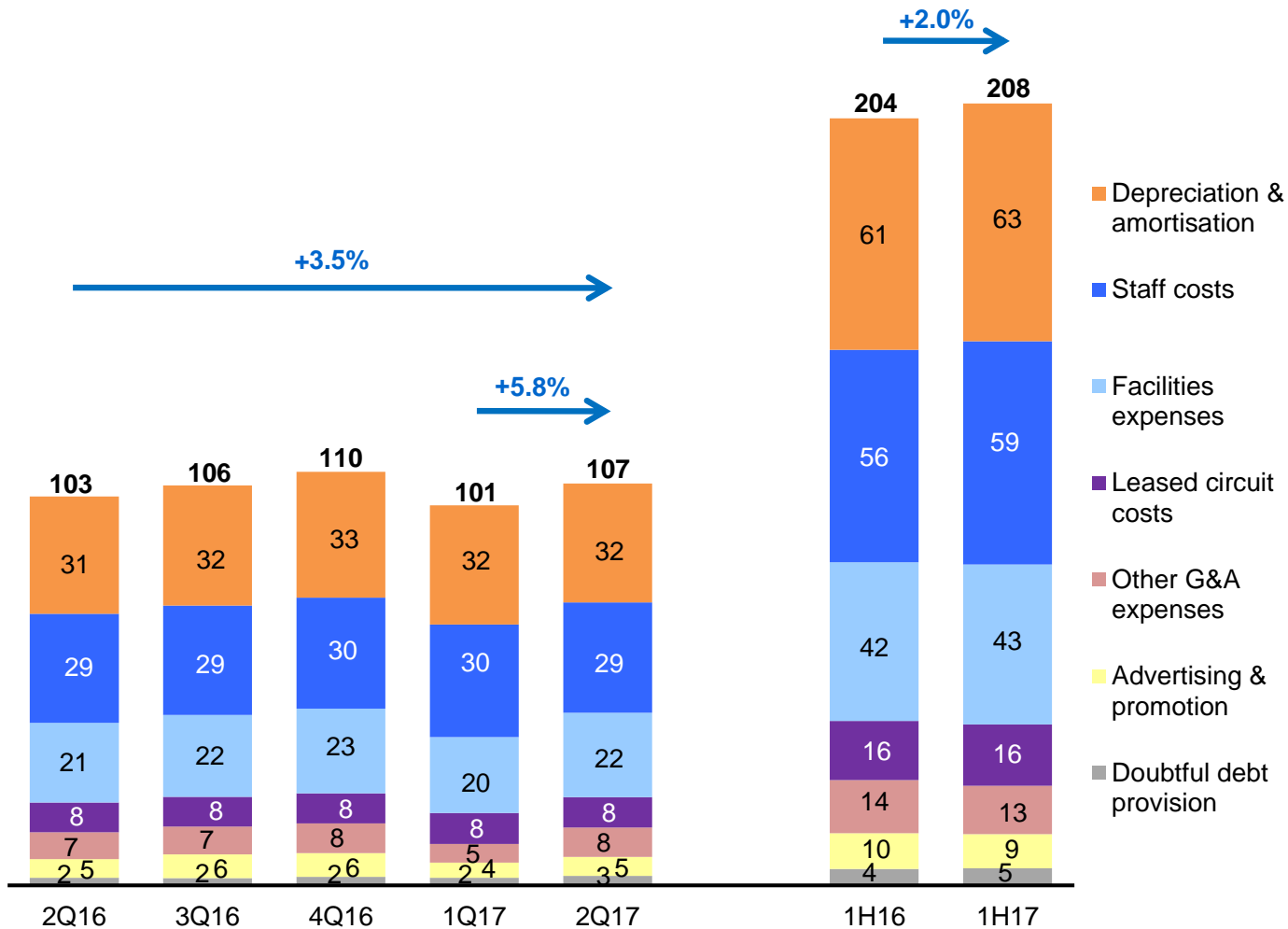
Cost of sales (S\$m)



1H2017 vs 1H2016

- Handset costs (+11.8%): Higher sales volume
- Wholesale costs of fixed services (+19.1%): Higher customer base
- Other costs (+22.2%): Higher dealers' commission & project related expenses

Other operating expenses (S\$m)



1H2017 vs 1H2016

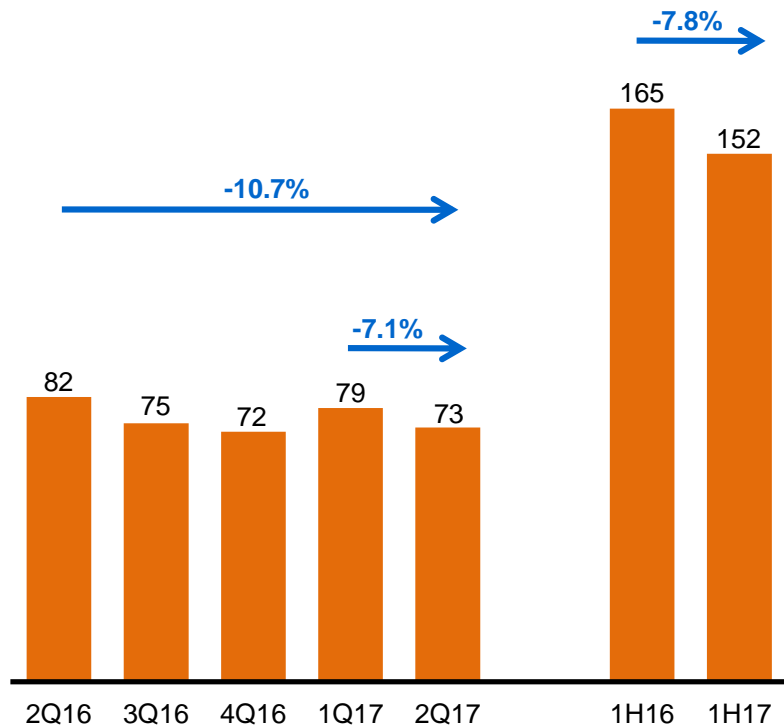
- Depreciation & amortisation expenses (+2.9%): Higher fixed asset base
- Staff cost (+5.1%): Salary increment & lower co-funding received under the government's wage credit



EBITDA & net profit after tax

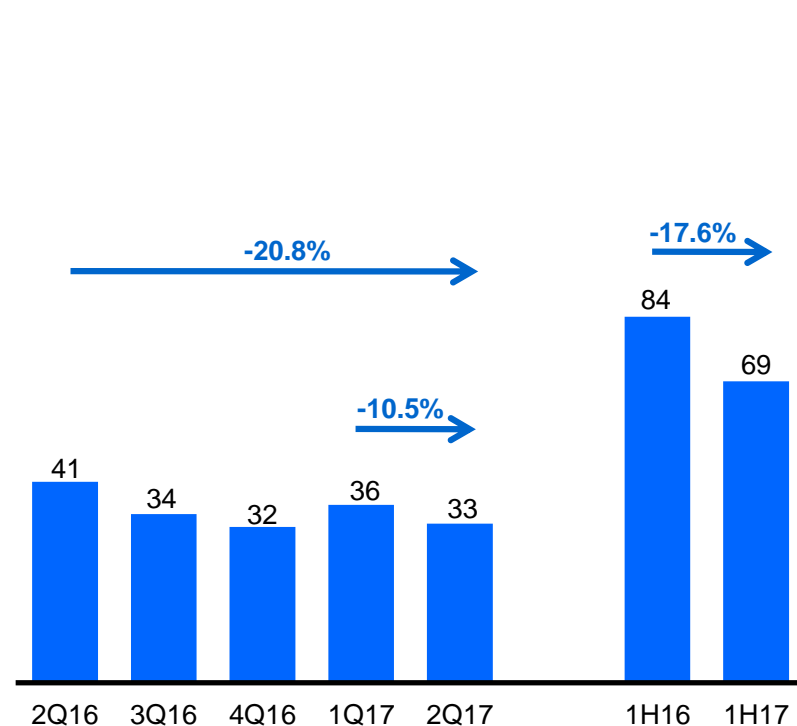
EBITDA (S\$m) & margin
on service revenue

	2Q16	3Q16	4Q16	1Q17	2Q17	1H16	1H17
EBITDA margin (on service revenue)	40.3%	37.8%	35.8%	39.2%	35.9%	40.6%	37.5%



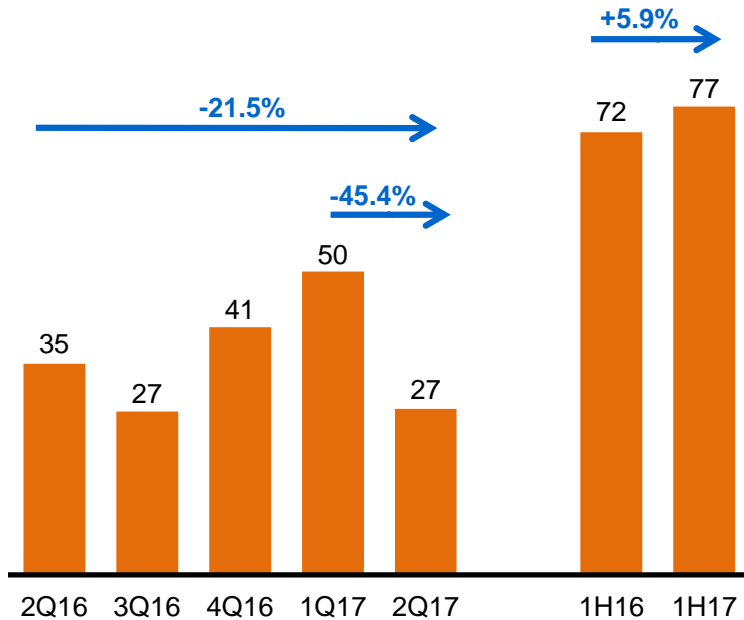
Profit after tax (S\$m) & margin
on service revenue

	2Q16	3Q16	4Q16	1Q17	2Q17	1H16	1H17
PAT margin (on service revenue)	20.1%	17.4%	15.8%	18.0%	15.9%	20.5%	16.9%



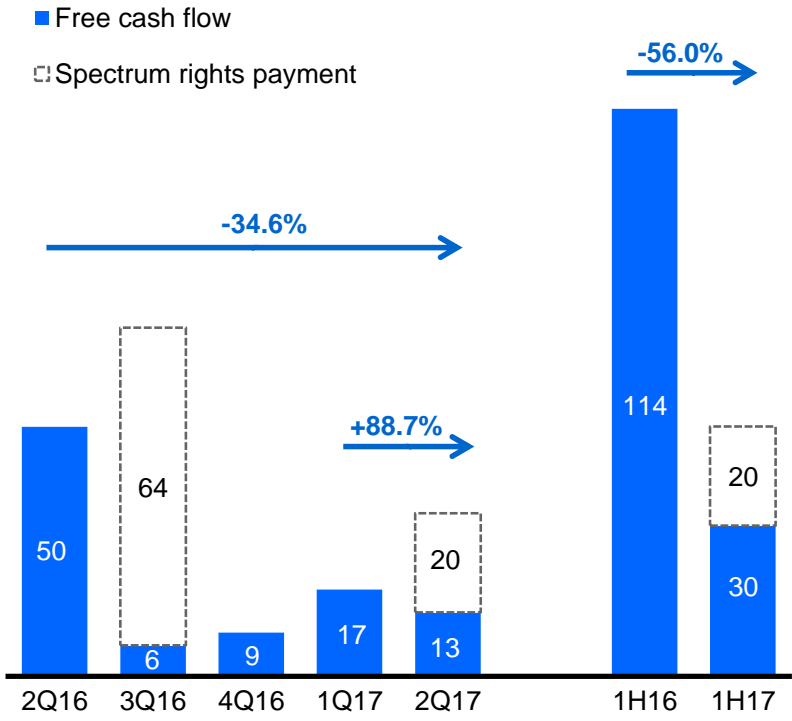
Capex & Cash flows

Capex (S\$m)



Operating and free cash flows (S\$m)

	2Q16	3Q16	4Q16	1Q17	2Q17	1H16	1H17
Operating cash flow	85	98	50	48	60	187	108





Financial leverage

S\$m	1H2016	1H2017	Change
Cash & cash equivalents	8.2	6.1	-25.6%
Net debt	326.8	420.5	28.7%
Net assets	400.9	417.4	4.1%
Net debt/equity (x)	0.8	1.0	23.6%
Net debt/EBITDA (x)	1.0	1.4	46.4%
EBITDA/Interest (x)	62.0	37.2	-40.0%
Net assets per share (cents)	43.1	44.9	4.1%
EPS - diluted (cents)	8.9	7.4	-17.4%



Agenda

Financial highlights

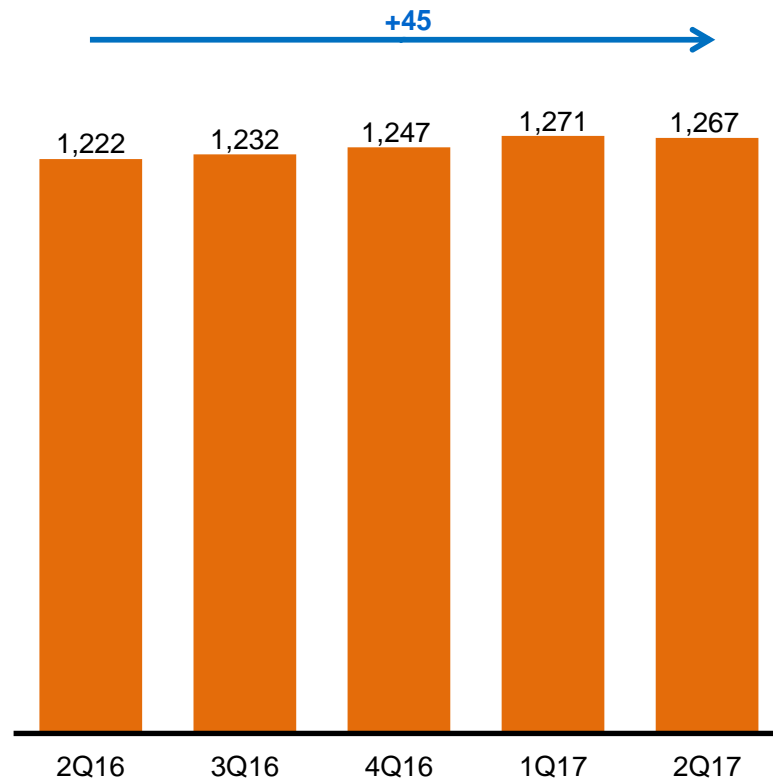
Performance highlights

Developments and Outlook

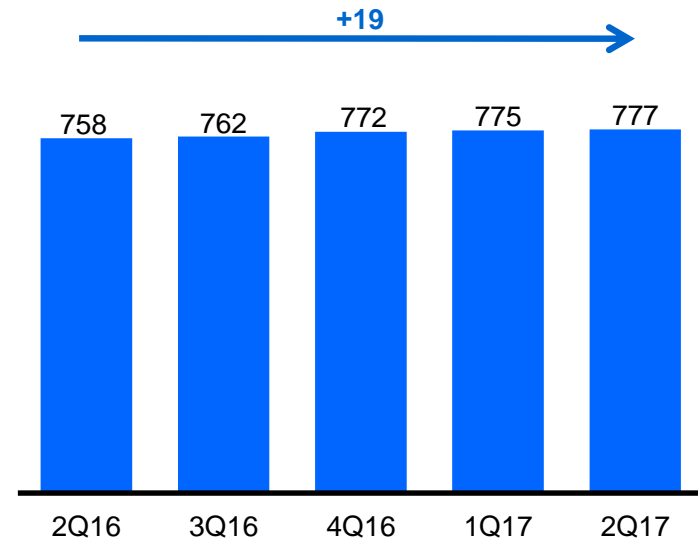


Mobile customers

Postpaid customer base ('000)



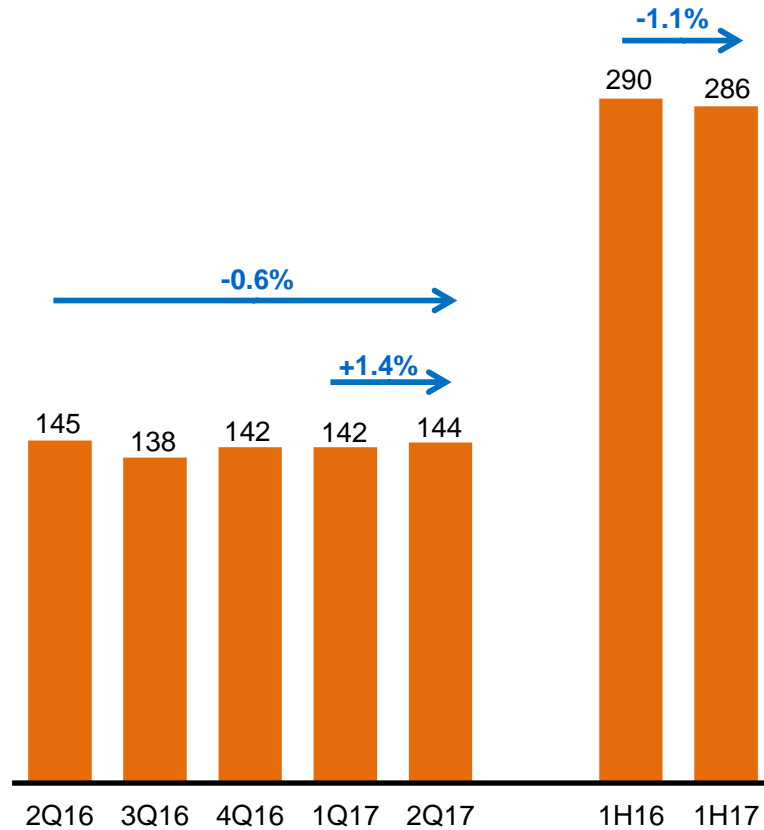
Prepaid customer base ('000)



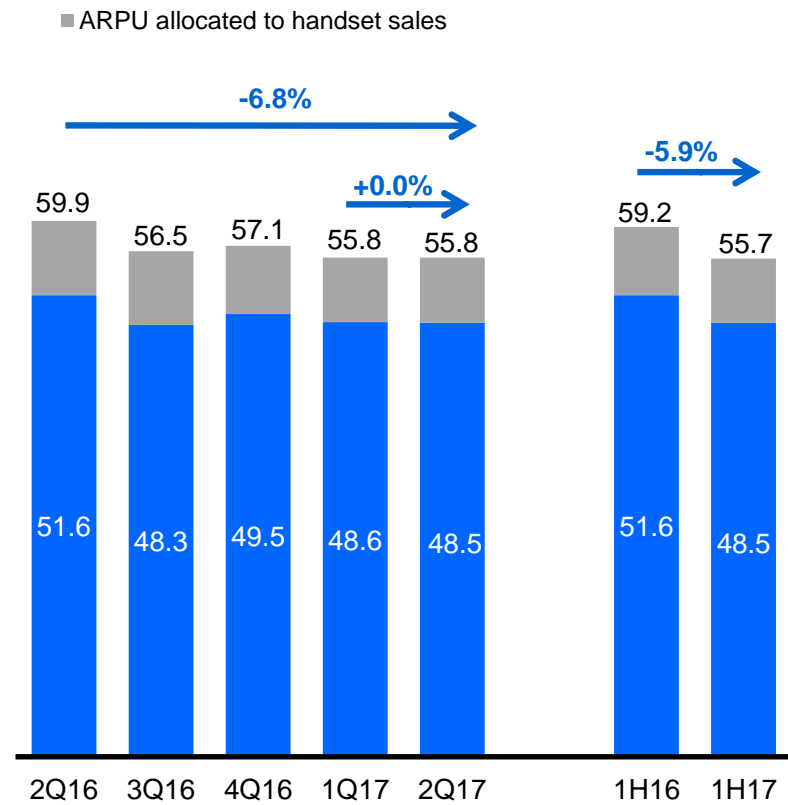


Postpaid mobile

Postpaid mobile revenue (S\$m)



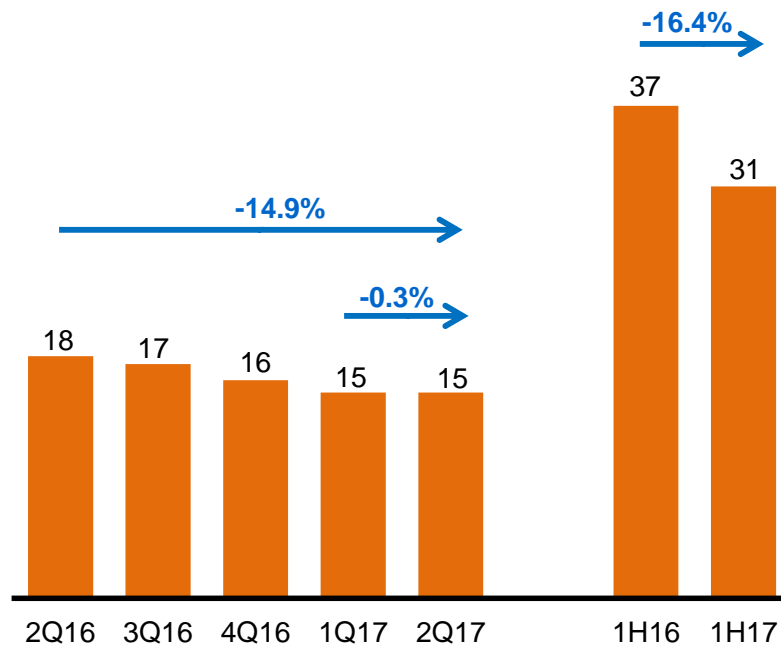
Postpaid monthly ARPU (S\$)



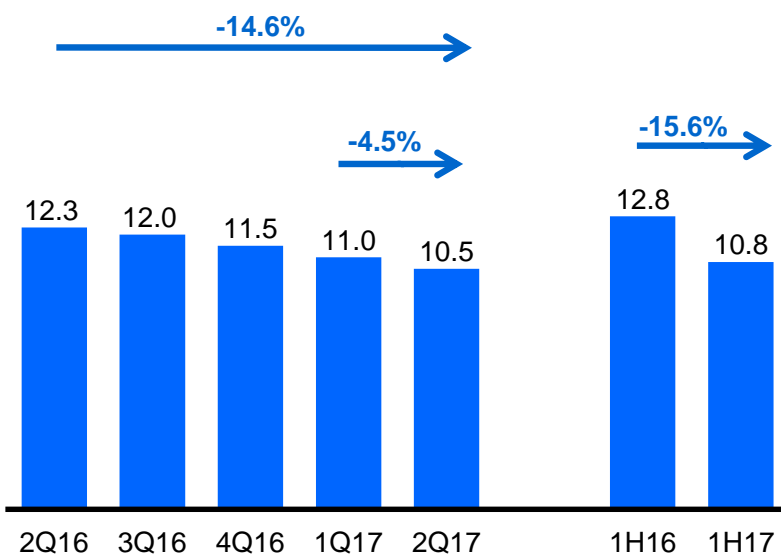


Prepaid mobile

Prepaid mobile revenue (S\$m)



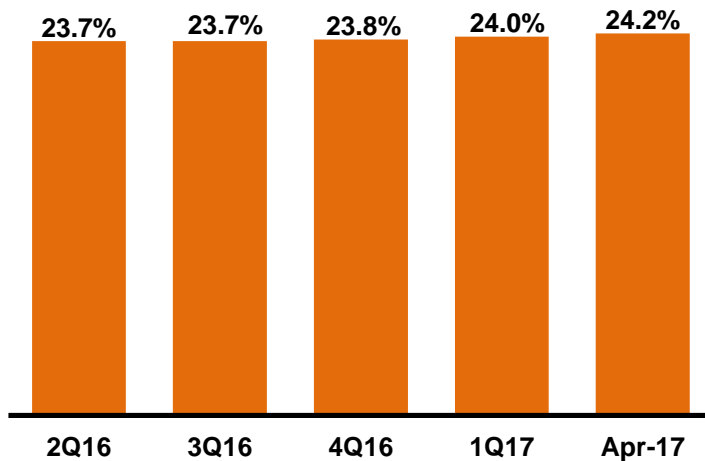
Prepaid monthly ARPU (S\$)





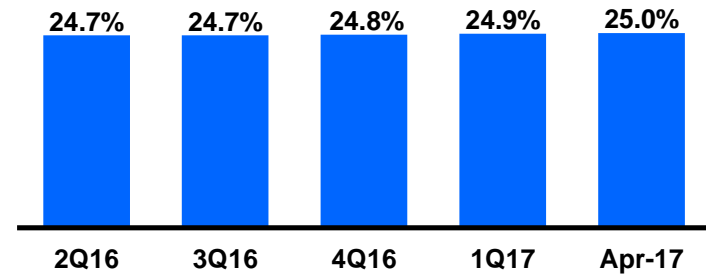
Mobile market share

Overall market share*

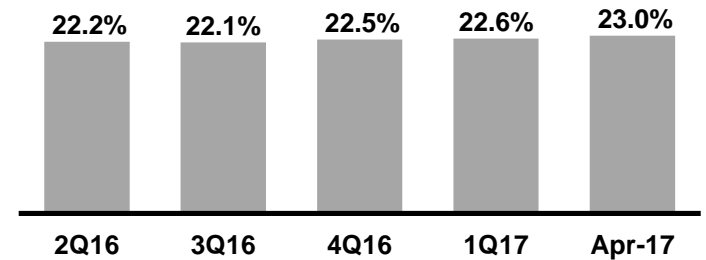


Postpaid & Prepaid market share*

Postpaid



Prepaid

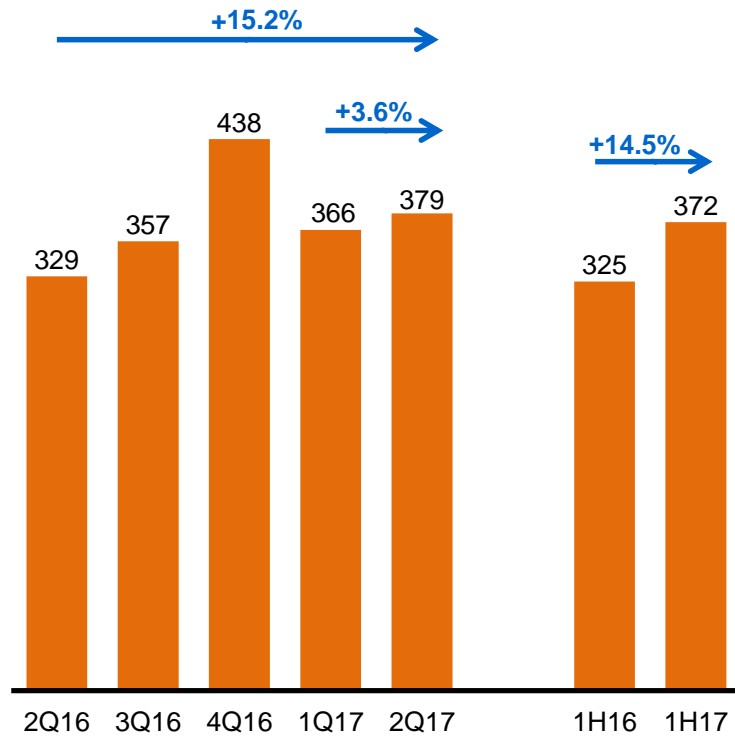


* - Based on published statistics available at the time of submission

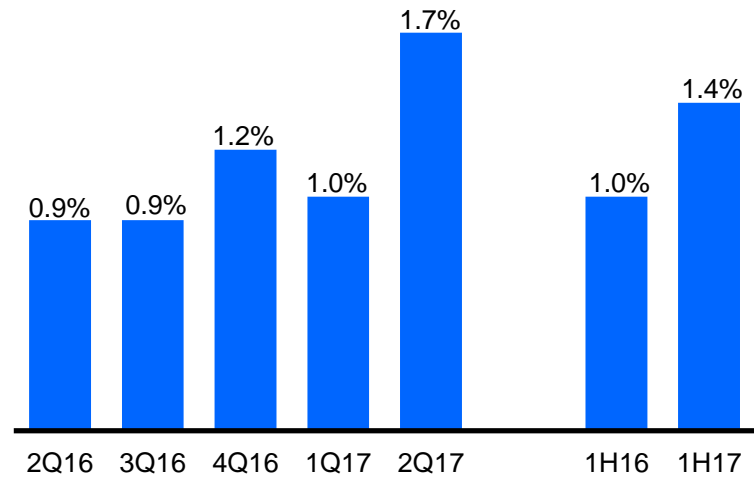


Postpaid mobile

Acquisition cost per postpaid customer (S\$)



Monthly churn rate (postpaid)



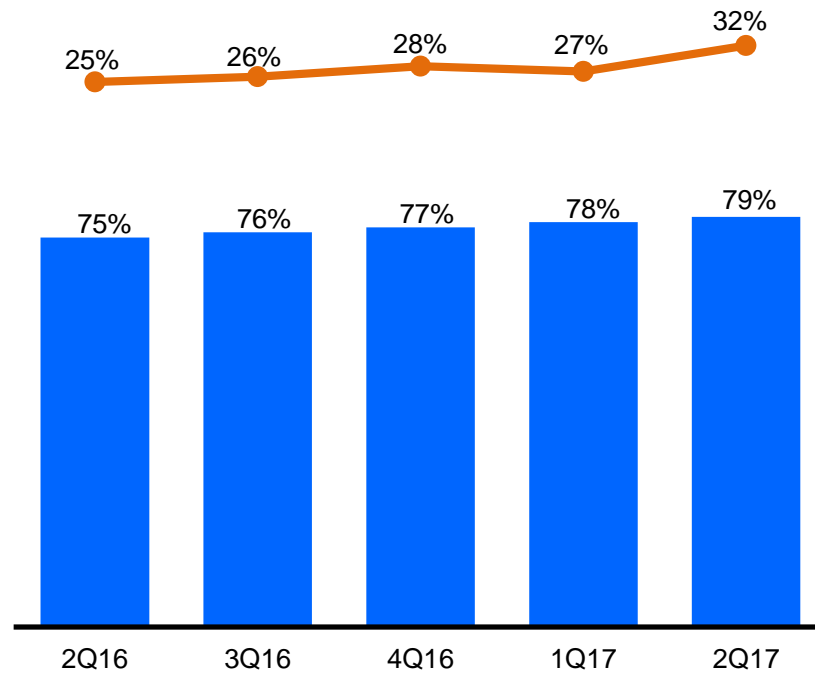
Note: Cash basis



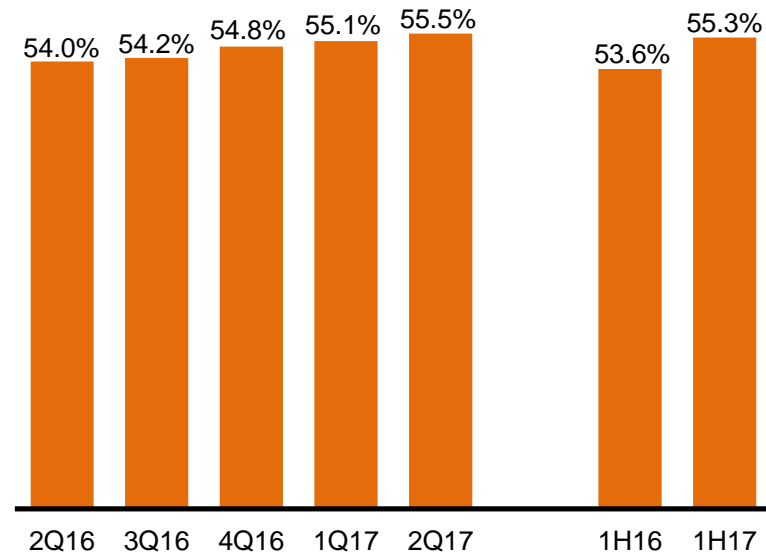
Tiered data plans & mobile data contribution

Tiered data plans

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



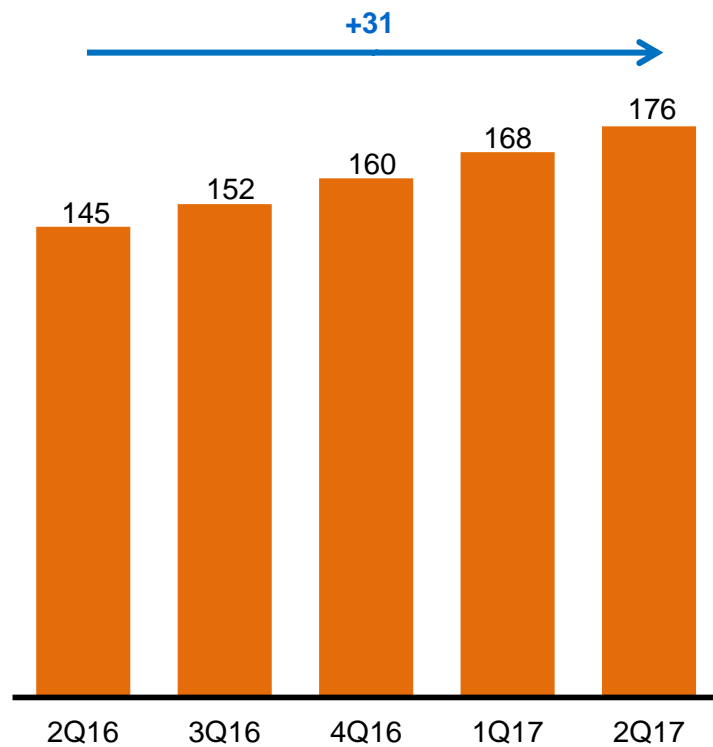
Data contribution to mobile service revenue



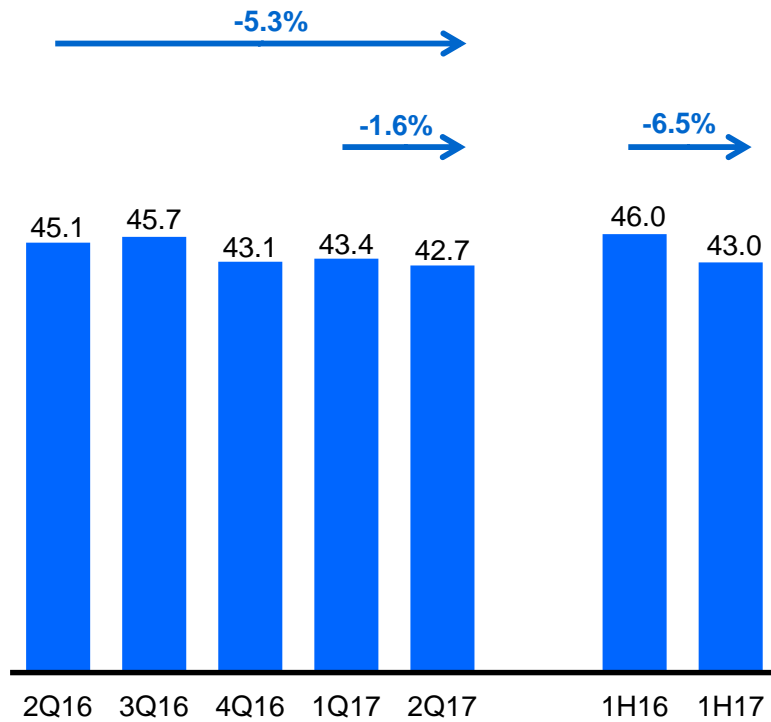


Fixed services

Fibre customer base ('000)



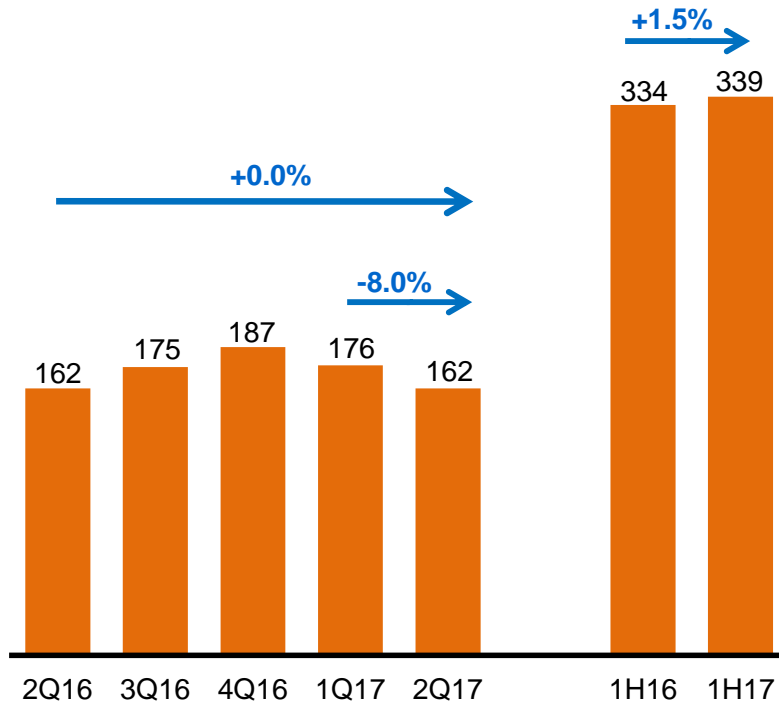
Fibre monthly ARPU (\$\$)



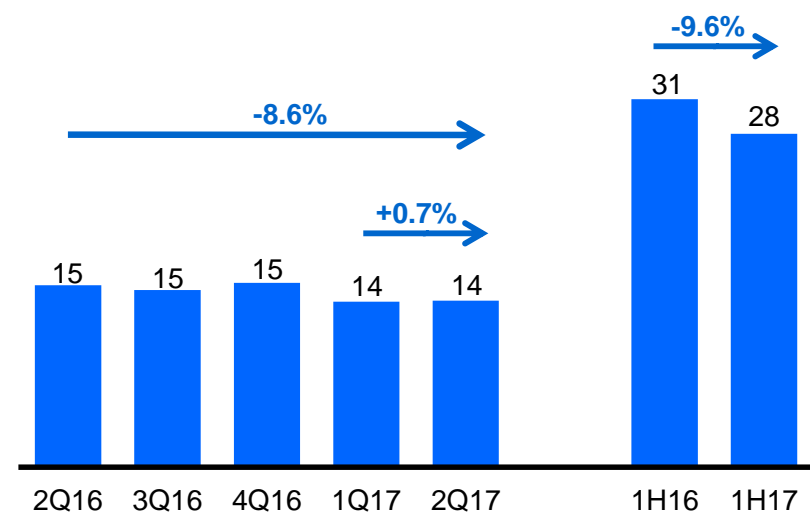


International call services

International retail minutes
(million mins)



International call services
revenue (S\$m)





Agenda

Financial highlights

Performance highlights

Developments and Outlook

Developments and outlook

Changing landscape

- New entrants will lead to increase in competitive activities
- OTT services continue to impact traditional telecom revenue
- Digital economy presents new opportunities

Focus

- Enhance service propositions to address changing customer preferences
- Nationwide NB-IoT network to be launched in 3Q2017
 - Drive new and innovative IoT applications
- Generate new revenue streams
 - Invest in digital solutions
 - Develop new ICT and cloud-based solutions

Outlook

Corporate segment

- Move up value chain with integrated solutions
 - Managed infrastructure services
 - Cyber security
 - Applications and business solutions
 - Analytics
- Readiness for Smart Nation initiatives
 - Pilot new digital solutions
 - ❖ Interactive info-display, unified analytics, intelligent meters and sensors

Estimates for FY2017

- Capex to be around S\$150m
- Estimate a decline in net profit after tax for full-year
- 80% dividend payout ratio for full-year



Thank you