



FY17 Results Presentation

23 January 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 2017

- Service revenue increased 2.8% YoY to S\$828m
- Fixed services revenue grew 24.5% YoY to S\$130m
- EBITDA was 3.1% lower YoY at S\$302m
- Net profit after tax was S\$133m

Performance highlights for 2017

- Mobile services revenue was stable YoY
 - Mobile data revenue increased to 55.7% of service revenue
 - Postpaid customer base increased 45,000
- Fixed services contributed 15.7% of service revenue
 - Fibre customer base grew 29,000 YoY to 189,000
 - Corporate segment made up 10% customer base and 50% of fixed services revenue

Dividend

- Proposed final dividend of 6.2 cents per share



Agenda

Financial highlights

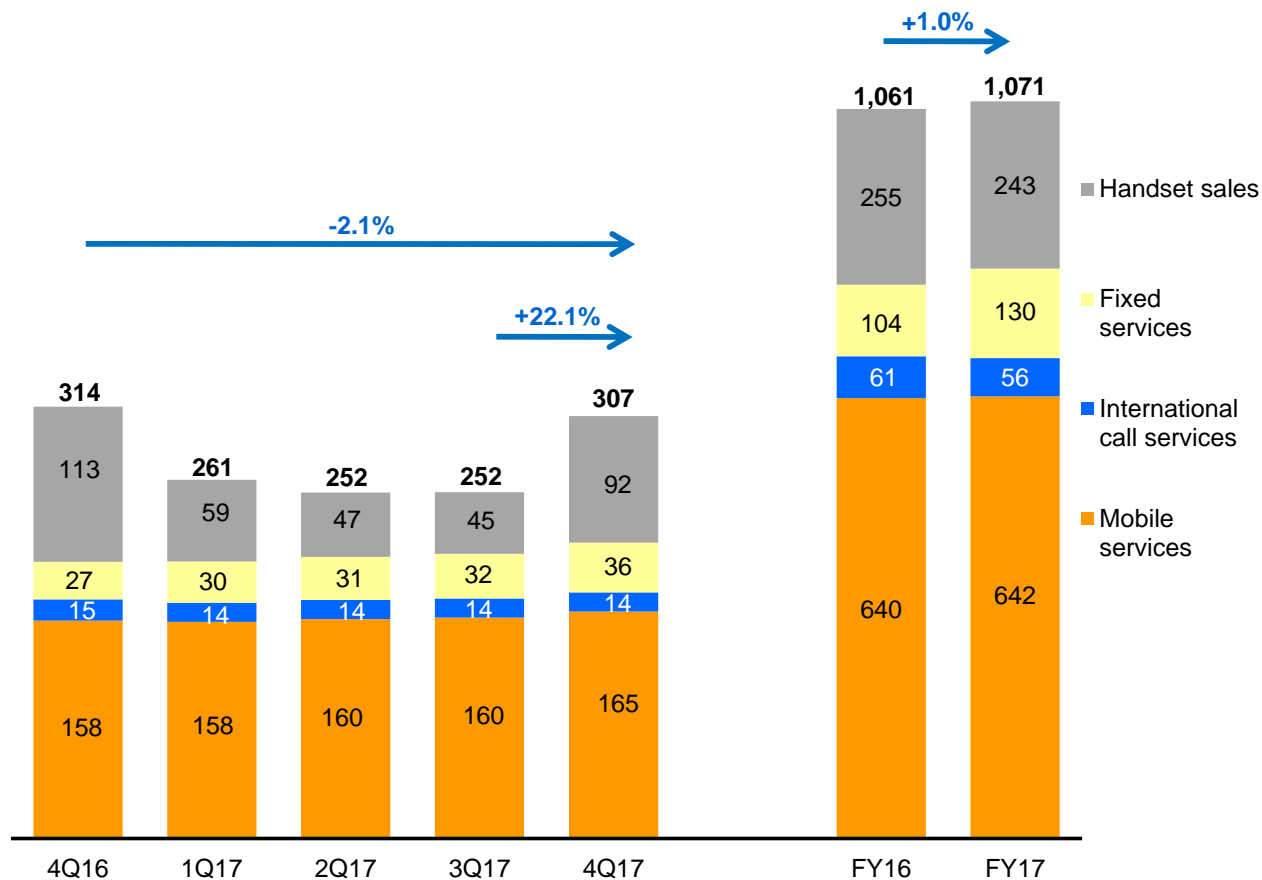
Performance highlights

Outlook



Revenues (S\$m)

	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
Service revenue (S\$m)	201	202	205	207	215	806	828

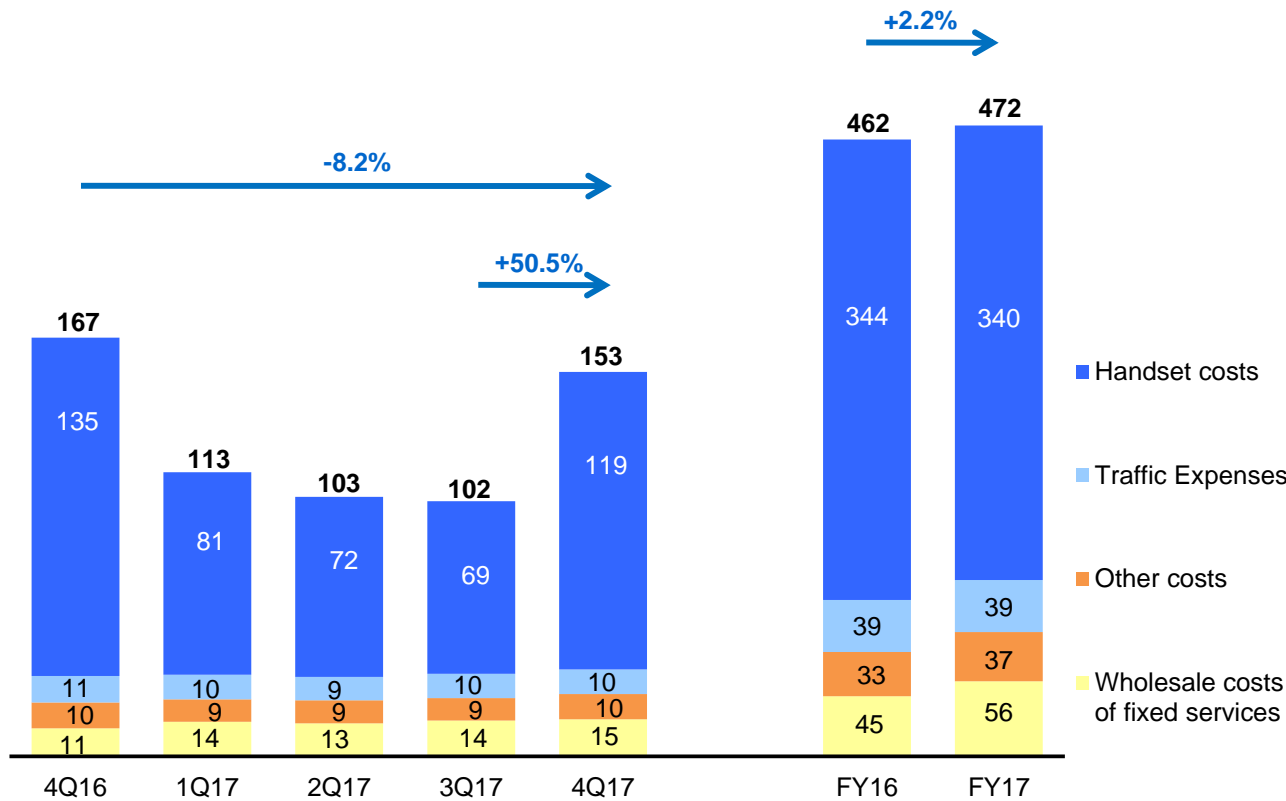


FY2017 vs FY2016

- Handset sales (-4.9%): Lower sales volume and selling price
- Fixed services revenue (+24.5%): Higher customer base & corporate segment projects contribution
- International call revenue (-8.9%): Lower retail revenue
- Mobile revenue (+0.4%): Higher postpaid revenue



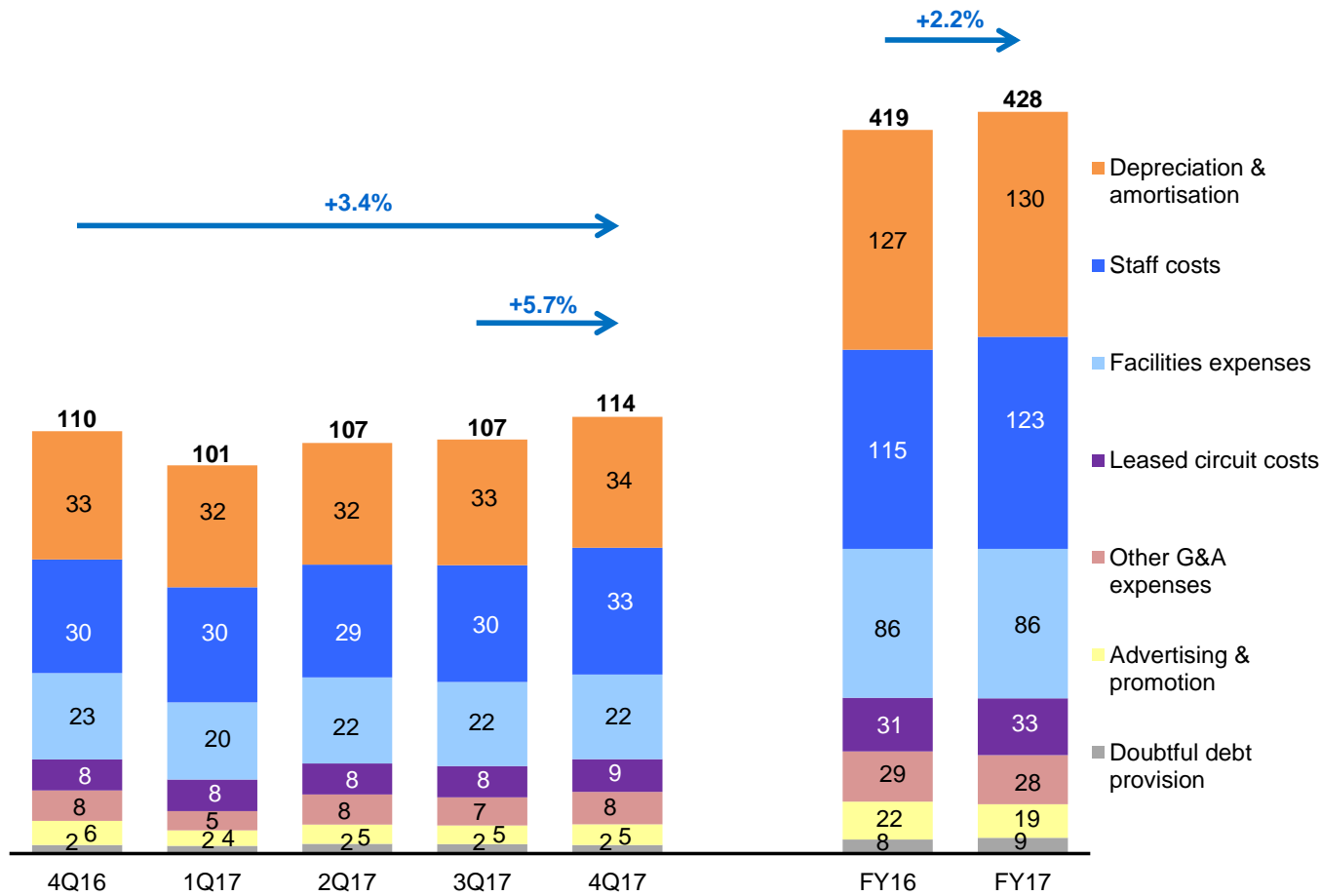
Cost of sales (S\$m)



FY2017 vs FY2016

- Handset costs (-1.2%): Lower sales volume
- Wholesale costs of fixed services (+24.4%): Higher customer base
- Other costs (+10.9%): Higher project costs related to large projects secured during the year

Other operating and interest expenses (S\$m)



FY2017 vs FY2016

- Depreciation & amortisation expenses (+2.5%): Higher fixed asset base
- Staff costs (+6.6%): Salary increment and bonus payout

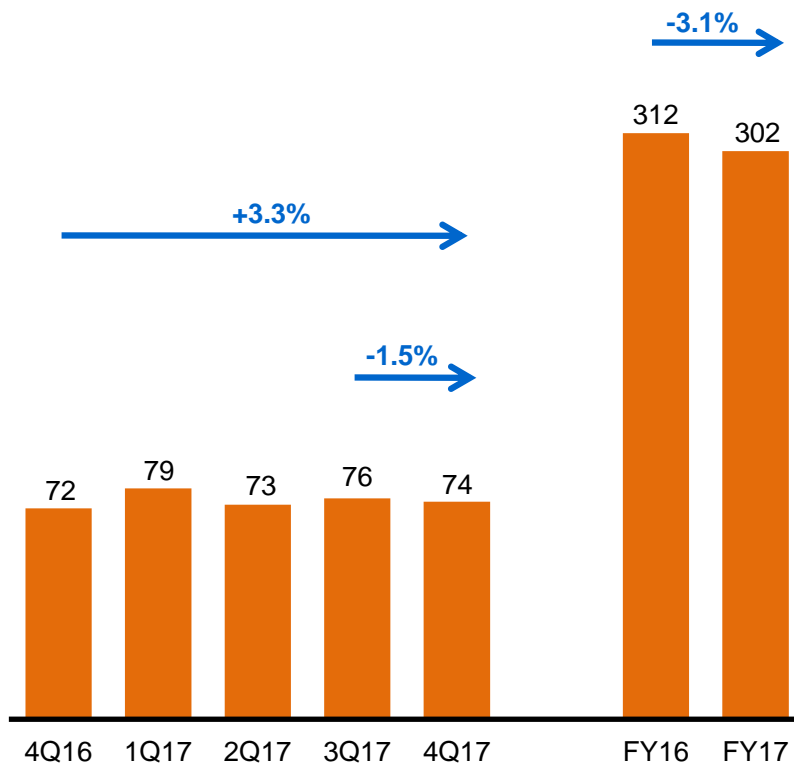
	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
Interest expense (S\$m)	2.0	2.0	2.1	2.9	2.9	6.7	9.9



EBITDA & net profit after tax

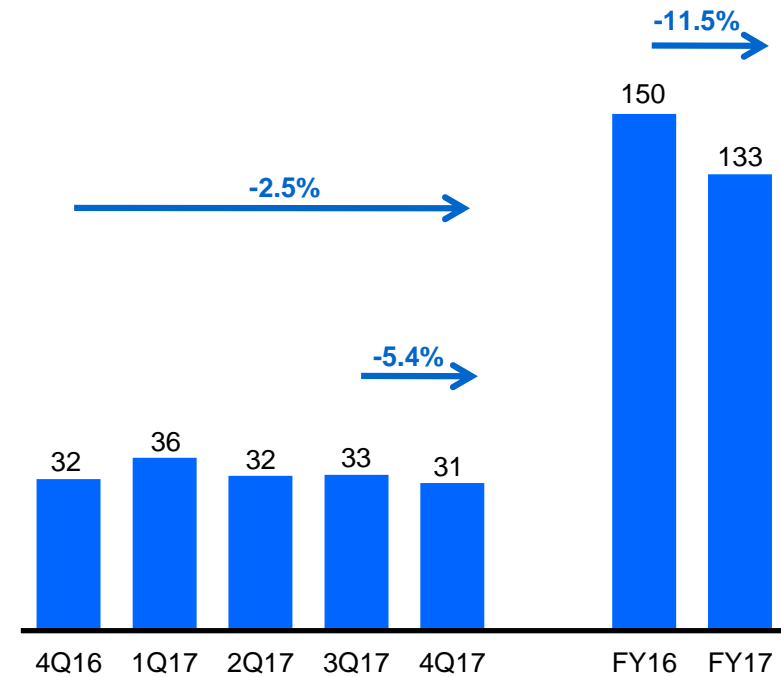
EBITDA (S\$m) & margin on service revenue

	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
EBITDA margin (on service revenue)	35.8%	39.2%	35.9%	36.5%	34.6%	38.7%	36.5%



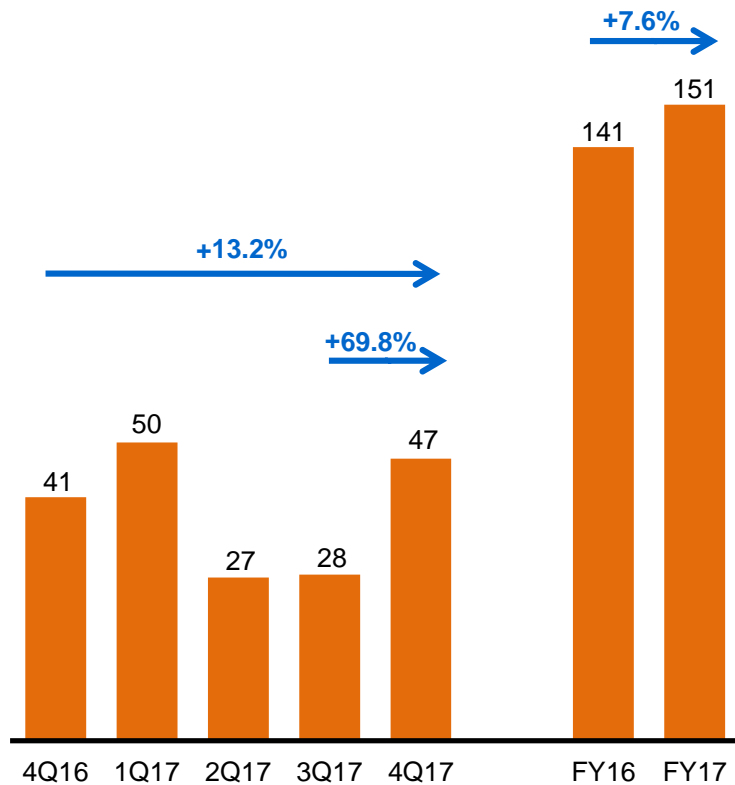
Profit after tax (S\$m) & margin on service revenue

	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
PAT margin (on service revenue)	15.8%	18.0%	15.9%	15.8%	14.4%	18.6%	16.0%



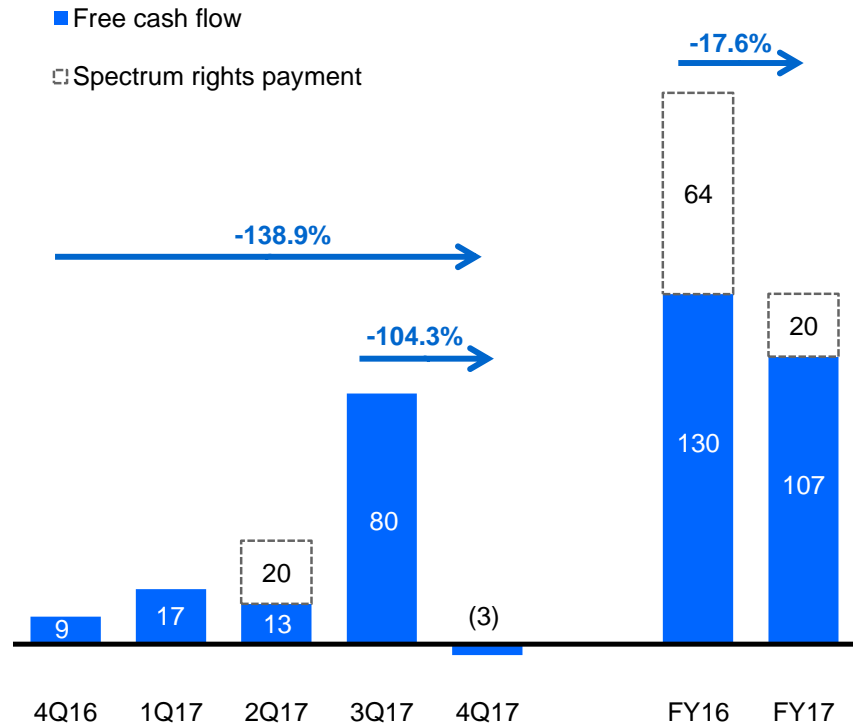
Capex & Cash flows

Capex (S\$m)



Operating and free cash flows (S\$m)

	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
Operating cash flow	50	48	60	107	44	335	259





Financial leverage

S\$m	FY2016	FY2017	Change
Cash & cash equivalents	11.0	46.5	321.9%
Net debt	390.0	403.5	3.5%
Net assets	403.4	428.9	6.3%
Net debt/equity (x)	1.0	0.9	-2.7%
Net debt/EBITDA (x)	1.2	1.3	6.8%
EBITDA/Interest (x)	46.2	30.6	-33.8%
Net assets per share (cents)	43.4	46.4	6.9%
EPS - diluted (cents)	16.1	14.3	-11.2%



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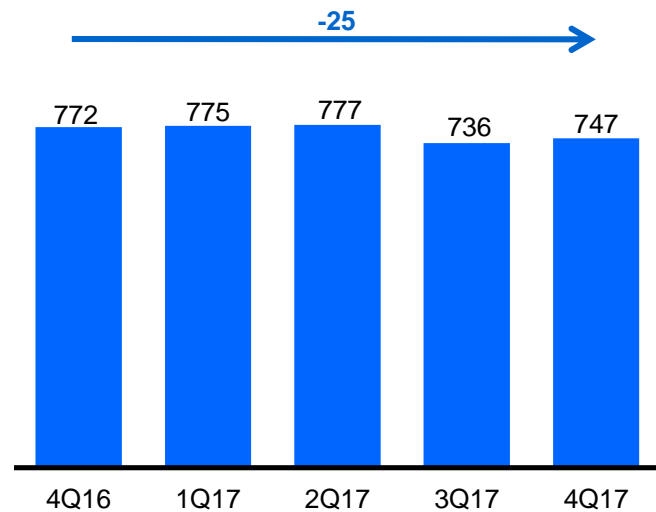


Mobile customers

Postpaid customer base ('000)



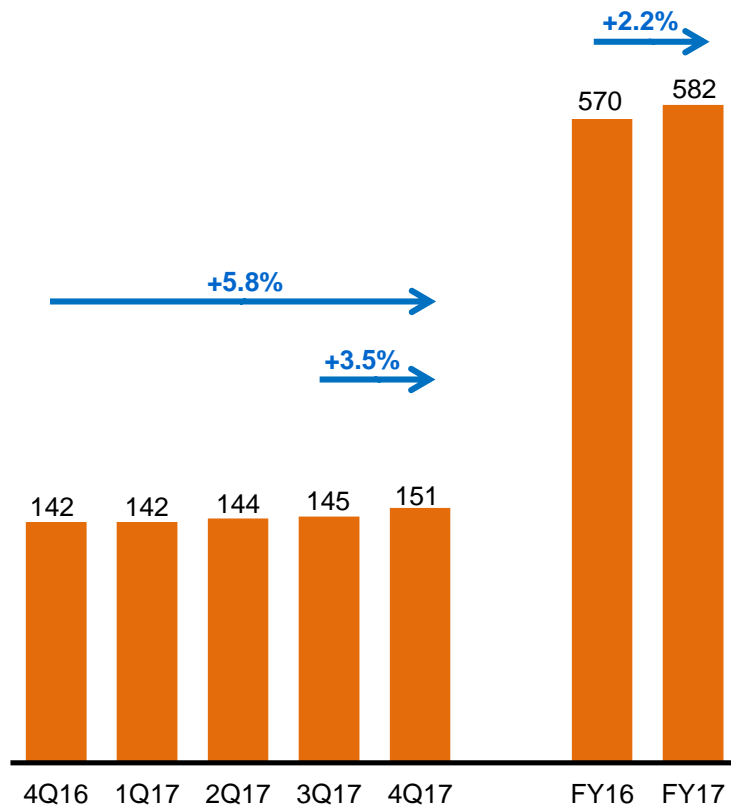
Prepaid customer base ('000)



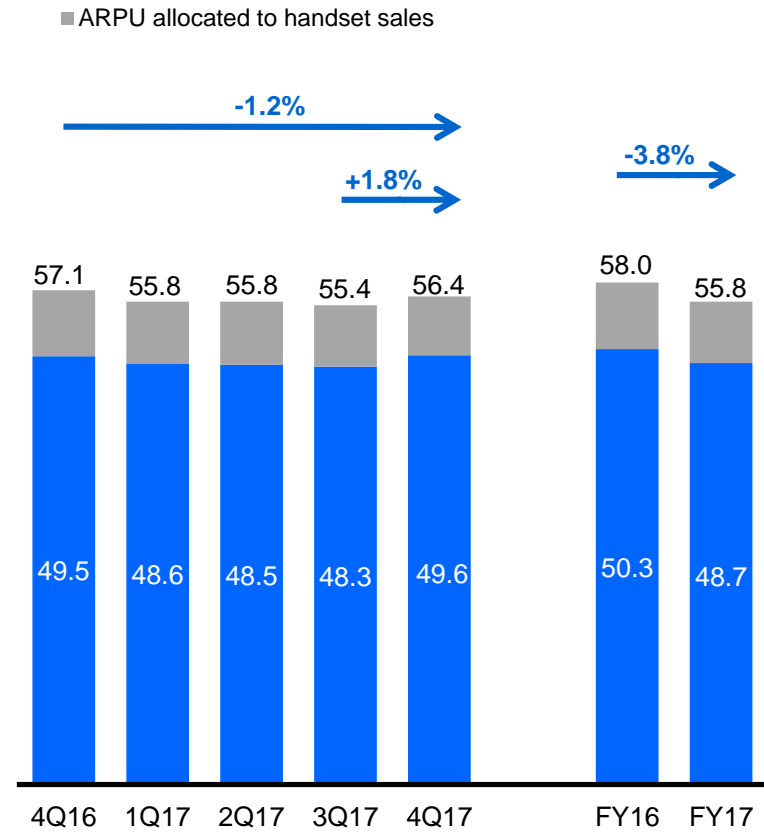


Postpaid mobile

Postpaid mobile revenue (S\$m)



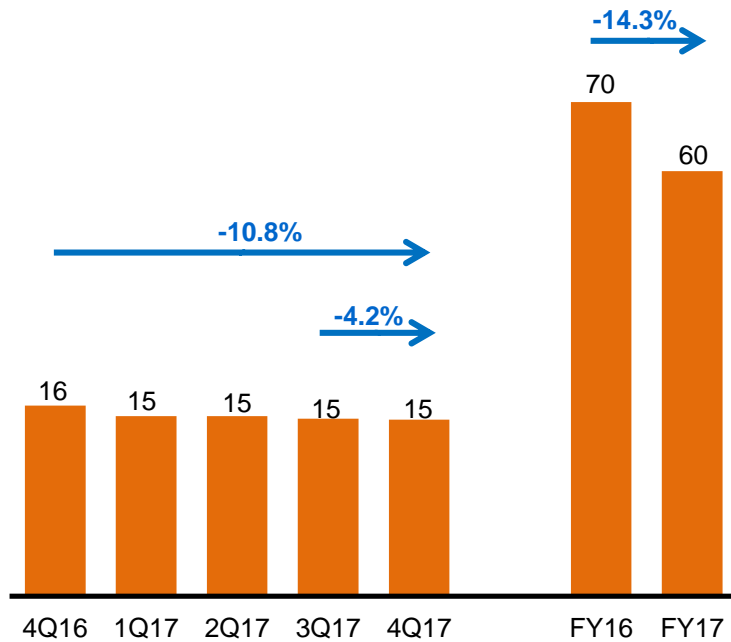
Postpaid monthly ARPU (S\$)



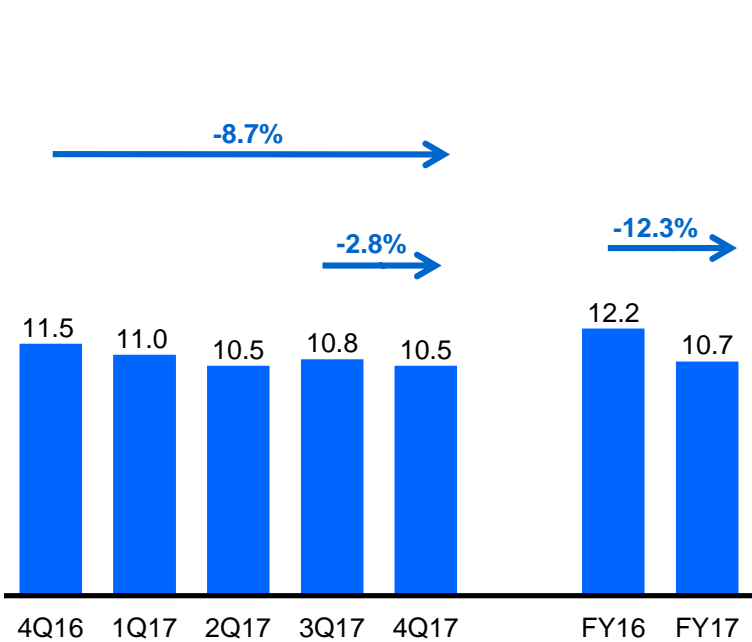


Prepaid mobile

Prepaid mobile revenue (S\$m)



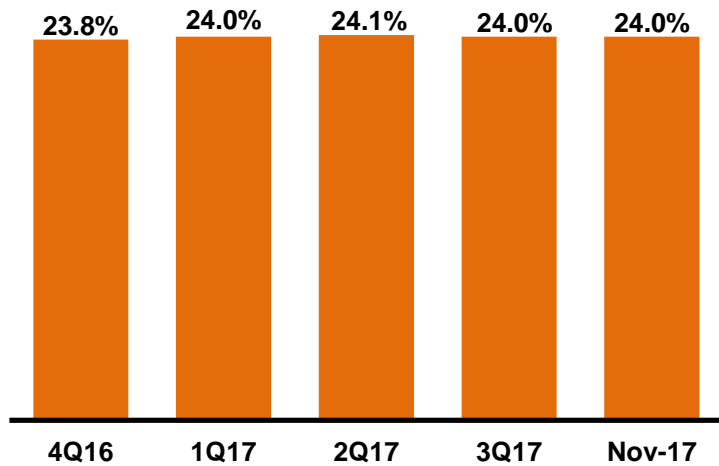
Prepaid monthly ARPU (S\$)





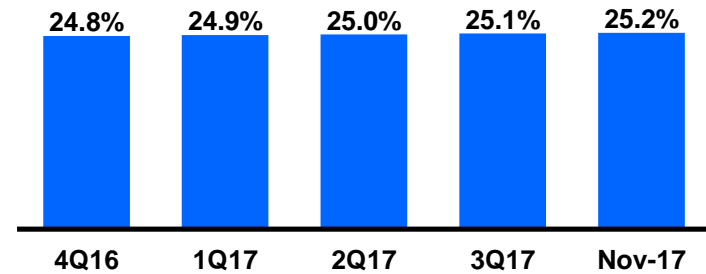
Mobile market share

Overall market share*

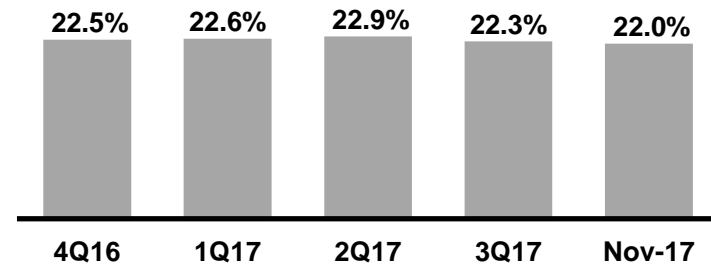


Postpaid & Prepaid market share*

Postpaid



Prepaid

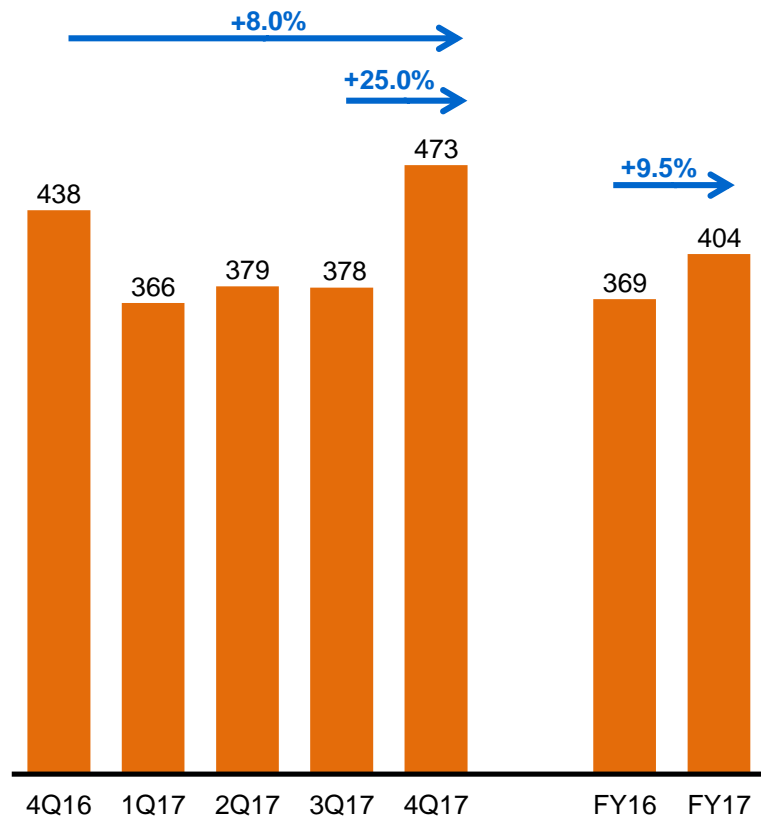


* - Based on published statistics available at the time of submission

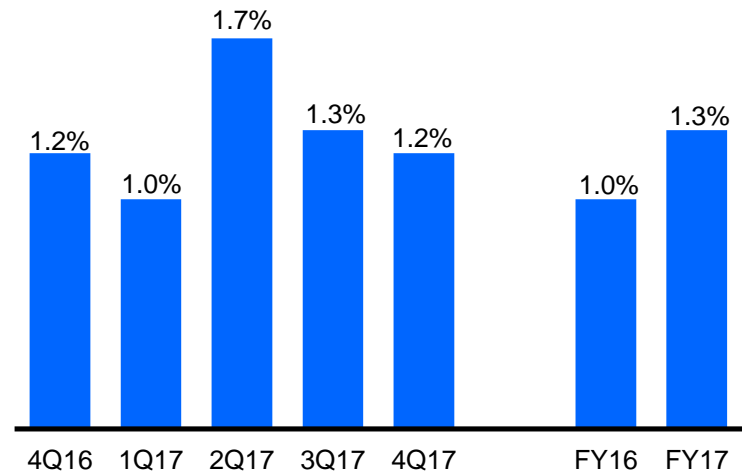


Postpaid mobile

Acquisition cost per postpaid customer (S\$)



Monthly churn rate (postpaid)



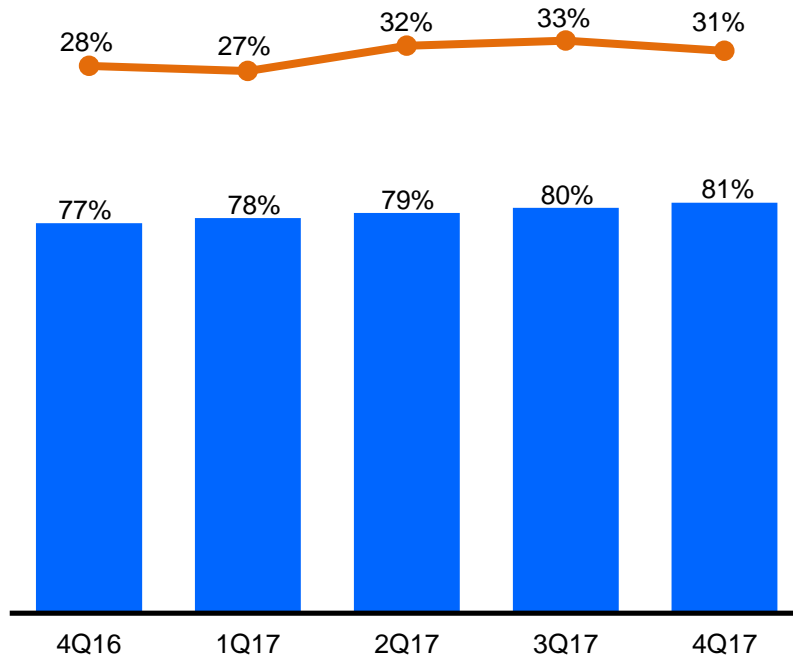
Note: Cash basis



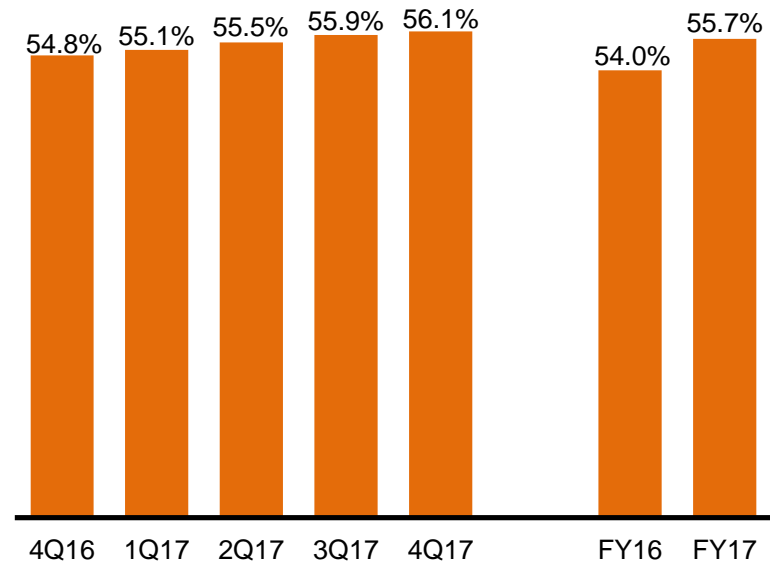
Tiered data plans & mobile data contribution

Tiered data plans

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



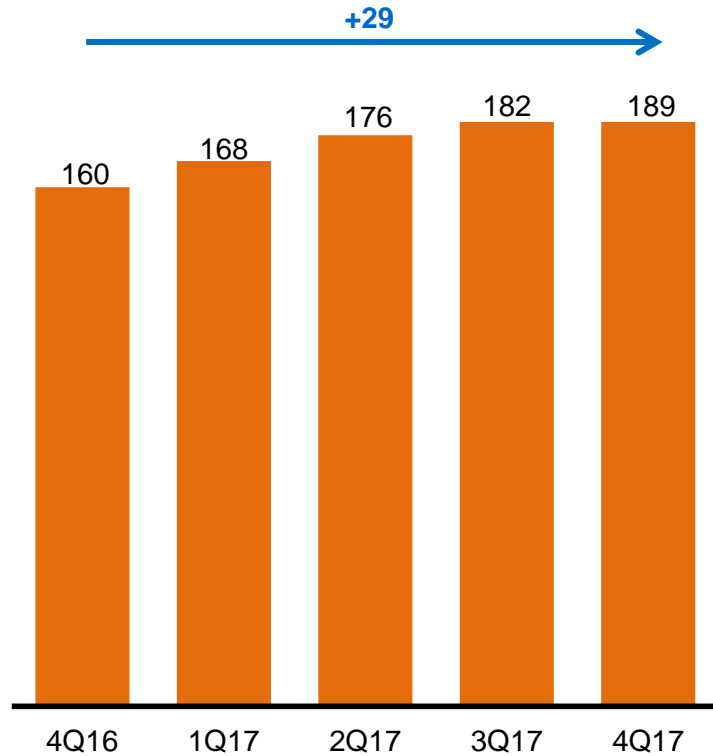
Data contribution to mobile service revenue



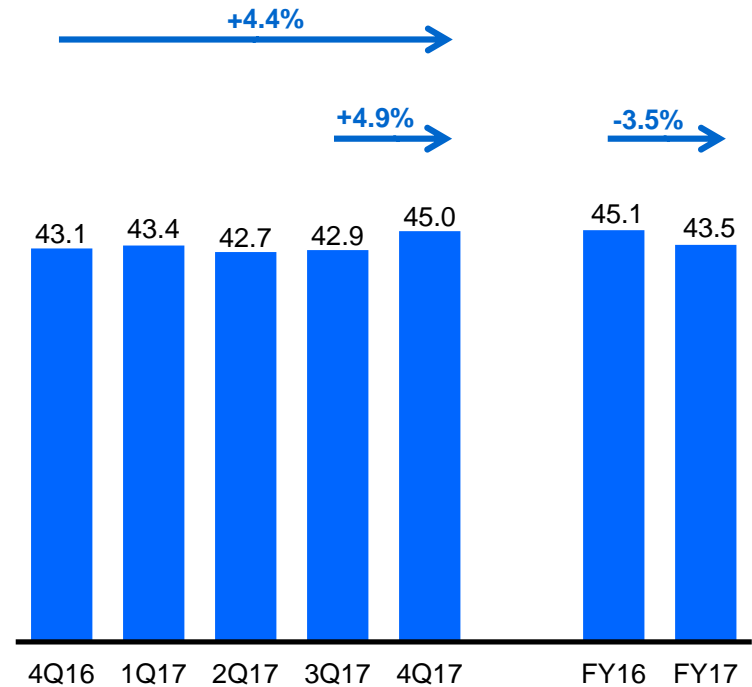


Fixed services

Fibre customer base ('000)



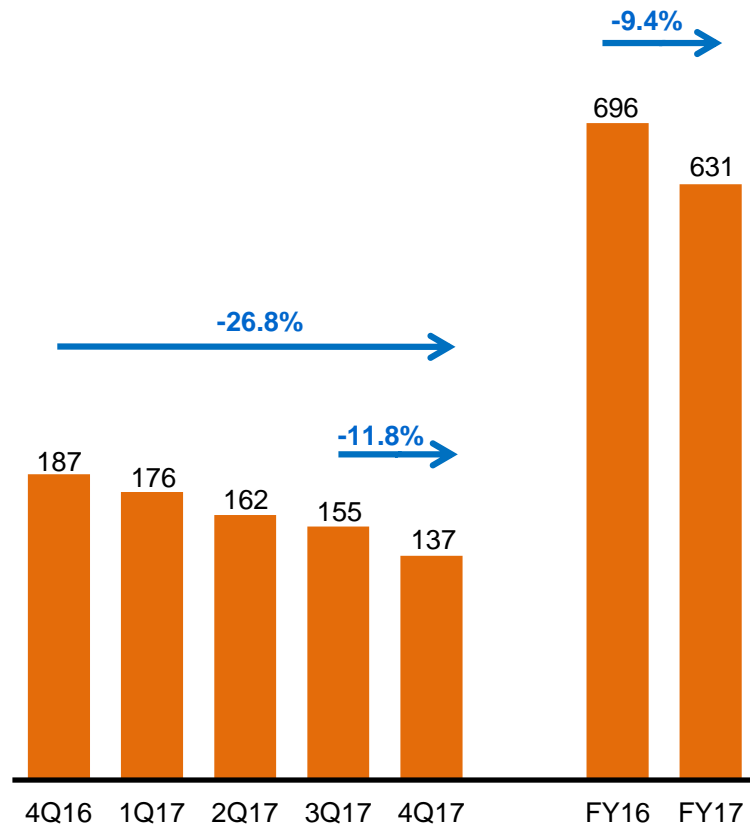
Fibre monthly ARPU (\$\$)



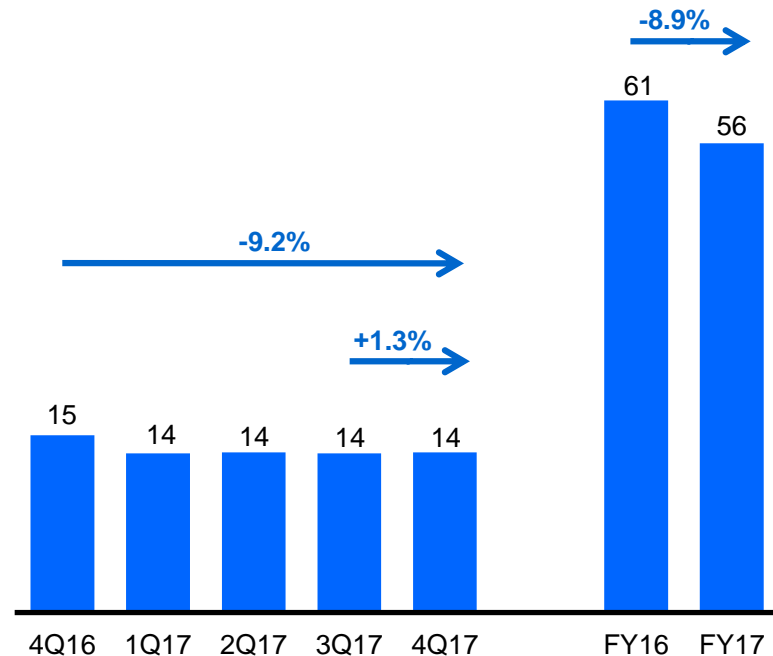


International call services

International retail minutes
(million mins)



International call services
revenue (S\$m)





Agenda

Financial highlights

Performance highlights

Outlook

Outlook

On-going Transformation

- Telco to Smart Communications Provider
 - Scale up ICT capabilities and solutions over connectivity
 - ❖ To capture opportunities in IoT and Smart Nation
 - Expand portfolio of digital services
- Digitalisation of customer touch-points and operations
 - Address needs of digital natives and tech-savvy segment
 - Improve efficiency

Attract and Retain Customers

- Superior experience across all touch-points
 - Built on scaled-up digital capabilities
- Enhance products and services
 - Innovative and unique offerings
- Improve value propositions
 - Cater to customers' evolving needs
 - ❖ Voice to data-centric plans
- Superior network quality

Outlook and estimates

Network Evolution

- Cost effective network enhancement with optimal spectrum utilisation
- Site densification through Small Cells/WiFi deployment
 - Augment network capacity at traffic hotspots
 - ❖ Re-use existing frequency and avoid costly antenna upgrade costs
 - ❖ Work on existing devices
 - Form foundation for future 5G dense cell grid architecture
- Leapfrog to 5G and avoid costly intermediate upgrades
- Continue exploring deeper collaboration on network sharing
 - Expanded from common antenna solution to joint upgrading of 4.5G indoor antenna systems at large buildings

FY2018

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



Thank you