FY18 Results Presentation

28 January 2019

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 FY2018

- Service revenue grew 2.0% YoY to S$755.8m
  - Mobile services revenue remained stable YoY at S$569.4m
  - Fixed services revenue grew 18.6% YoY to S$143.1m
- Net profit after tax closed at S$130.7m

Performance highlights for 4Q2018

- Mobile data revenue grew to 65.3% of service revenue
- Fixed services contributed to 19.5% of service revenue
- Postpaid customer base grew 7.1% QoQ to 1.38m
- Fibre customer base grew 10.7% QoQ to 209,000

Dividend

- Proposed final dividend of 6.0 cents per share

Agenda

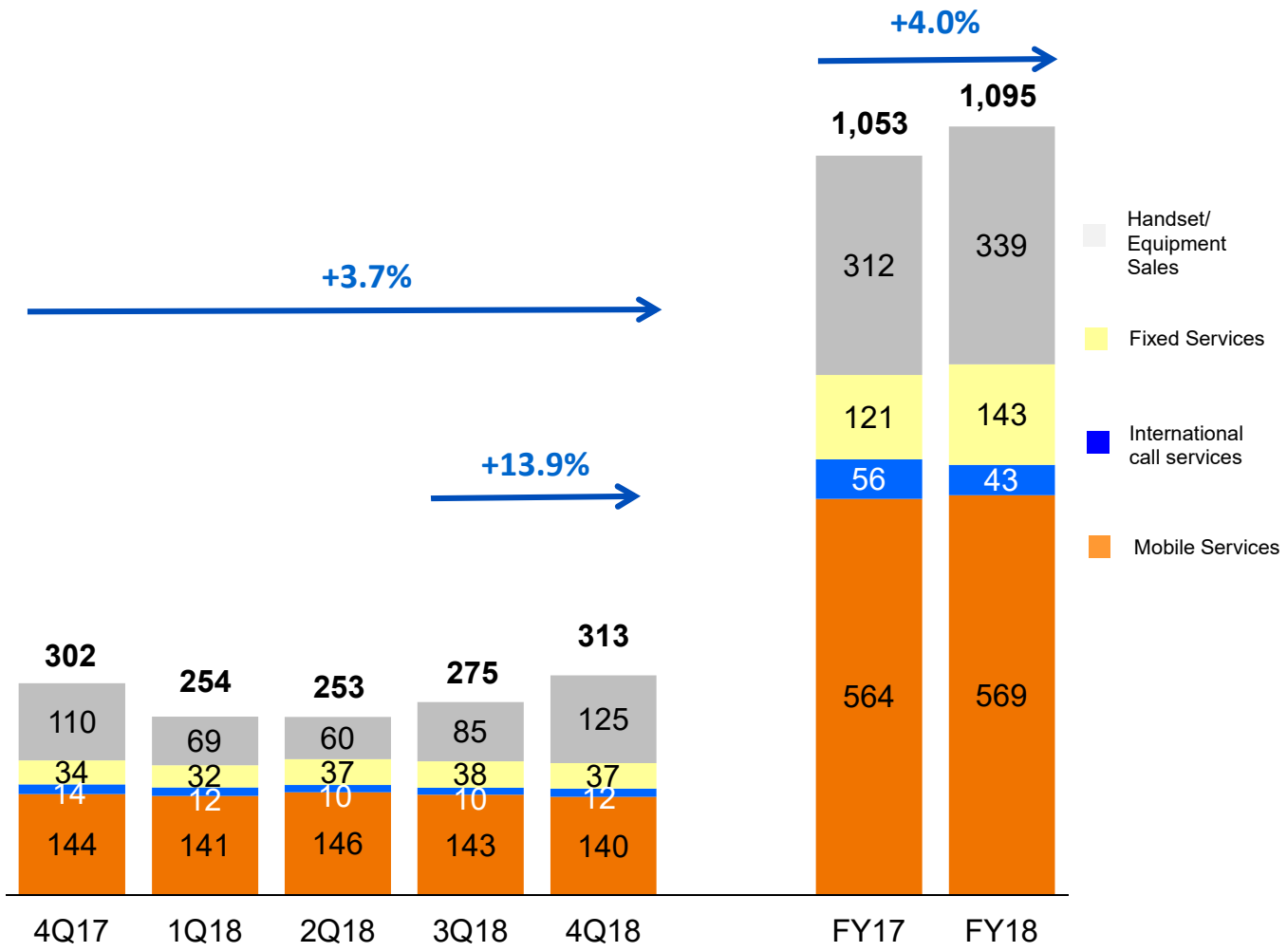
Financial highlights

Performance highlights

Developments

Revenues (S$m)

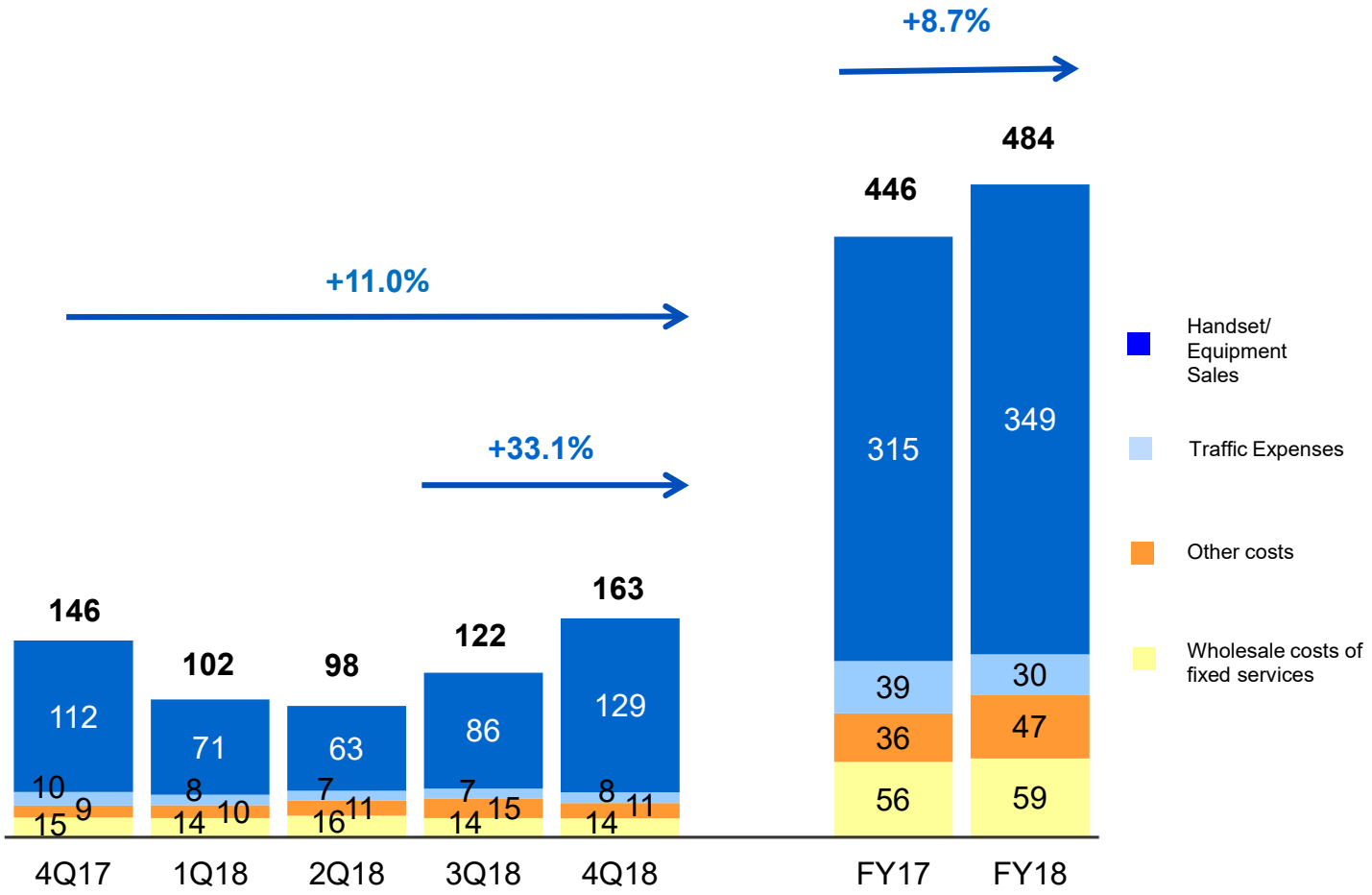
	4Q17	1Q18	2Q18	3Q18	4Q18	FY17	FY18
Service revenue	191	185	193	190	188	741	756



FY2018 vs FY2017

- Handset/Equipment Sales (+8.6%): Higher sales volume and consolidation of a newly acquired subsidiary
- Fixed services revenue (+18.6%): Higher fibre customer base and contribution from corporate projects
- International call revenue (-22.5%): Lower traffic
- Mobile revenue (+0.9%): Higher postpaid revenue

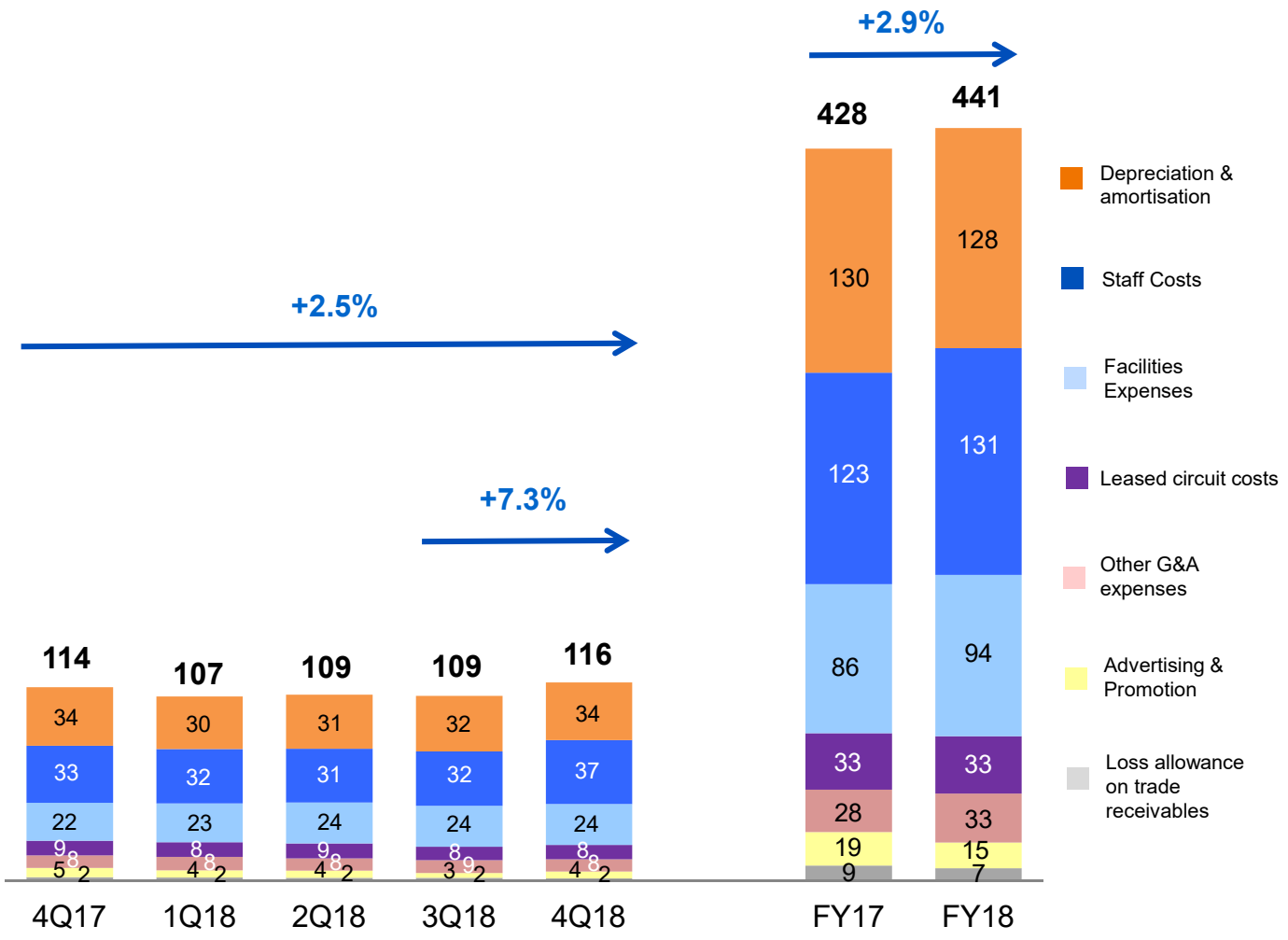
Cost of sales (S$m)



FY2018 vs FY2017

- Handset/Equipment costs (+10.8%): Higher sales volume and acquisition of a new subsidiary
- Traffic expenses (-22.0%): Lower traffic
- Other costs (+30.7%): Costs incurred for corporate projects
- Wholesale costs of fixed services (+4.5%): Higher customer base

Other operating and interest expenses (S$m)



	4Q17	1Q18	2Q18	3Q18	4Q18	FY17	FY18
Interest expense (S$m)	2.9	2.8	2.9	2.9	2.9	9.9	11.5

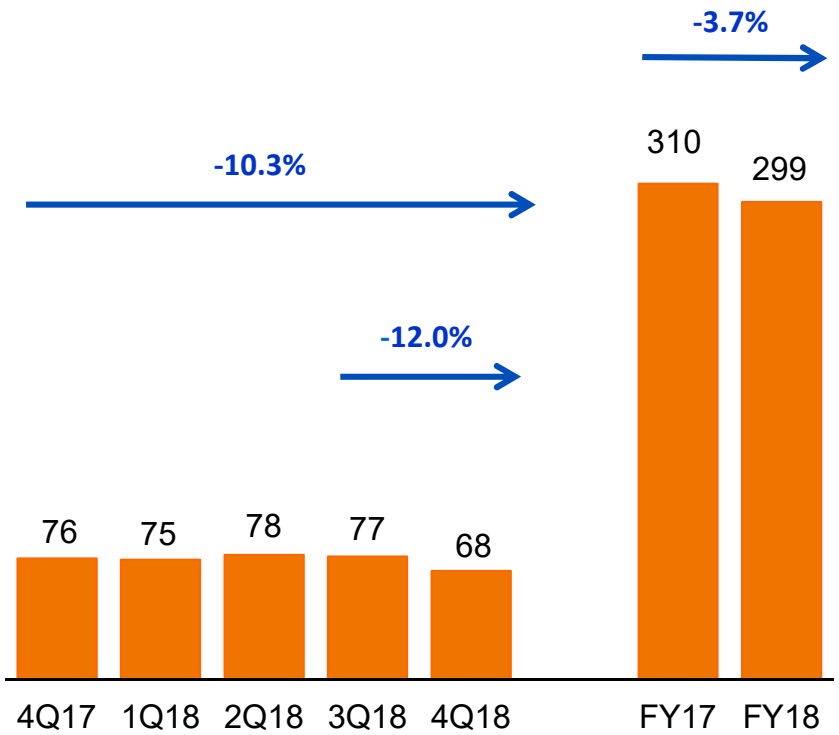
FY2018 vs FY2017

- Depreciation & amortisation expenses (-1.8%): Certain 3G network assets fully depreciated
- Staff costs (+7.2%): Salary increment, expansion of corporate team and consolidation of newly acquired subsidiary
- Facilities expenses (+8.3%): Higher repair & maintenance costs
- Other G&A expenses (+15.5%): Last year benefited from gain on fixed asset disposal

EBITDA & Net profit after tax

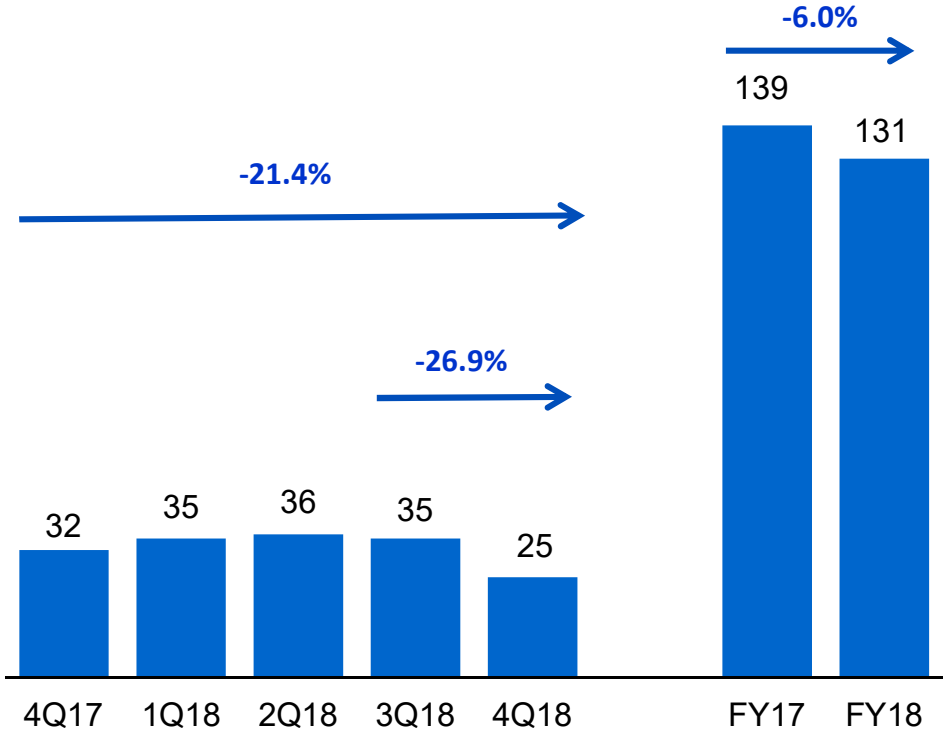
EBITDA (S$m) & margin on service revenue

	4Q17	1Q18	2Q18	3Q18	4Q18	FY17	FY18
EBITDA margin (on service revenue)	39.6%	40.8%	40.6%	40.6%	36.2%	41.9%	39.6%



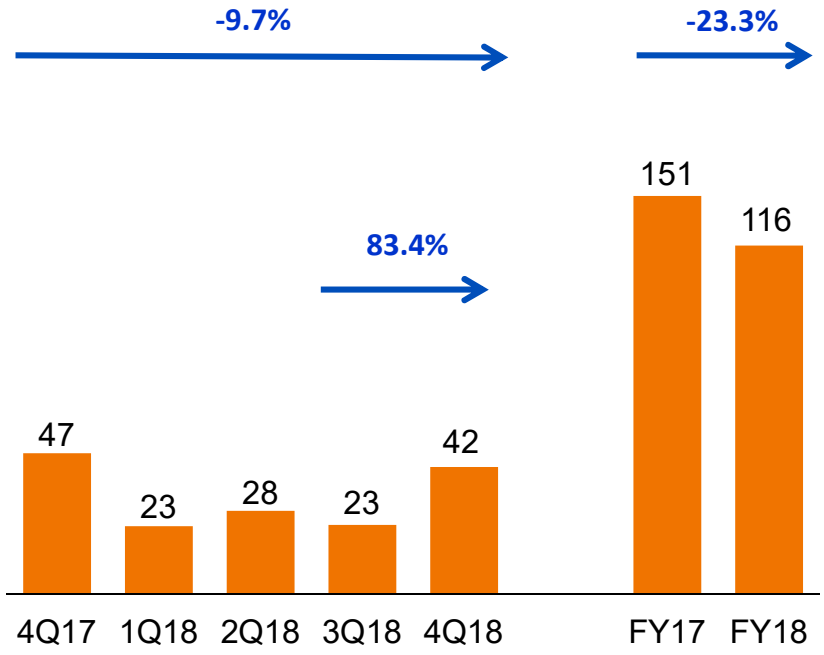
Profit after tax (S$m) & margin on service revenue

	4Q17	1Q18	2Q18	3Q18	4Q18	FY17	FY18
PAT margin (on service revenue)	16.8%	18.8%	18.8%	18.1%	13.4%	18.8%	17.3%



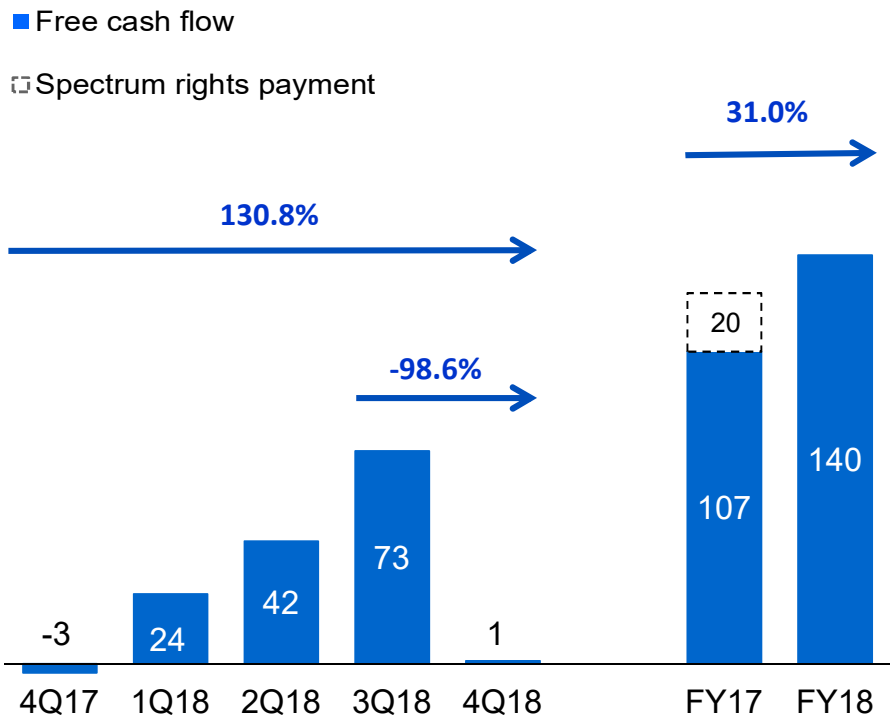
Capex & Cash flows

Capex (S$m)



Operating and free cash flows (S$m)

	4Q17	1Q18	2Q18	3Q18	4Q18	FY17	FY18
Operating cash flow	44	47	69	96	43	259	256



Financial leverage

S$m	FY2017	FY2018	Change
Cash & cash equivalents	46.5	**79.2**	70.4%
Net debt	403.5	**370.8**	-8.1%
Net assets	493.6	**523.2**	6.0%
Net debt/equity (x)	0.8	**0.7**	-13.3%
Net debt/EBITDA (x)	1.3	**1.2**	-4.6%
EBITDA/Interest (x)	31.4	**25.9**	-17.5%
Net assets per share (cents)	53.4	**56.3**	5.4%
EPS - diluted (cents)	15.0	**14.2**	-5.4%

Agenda

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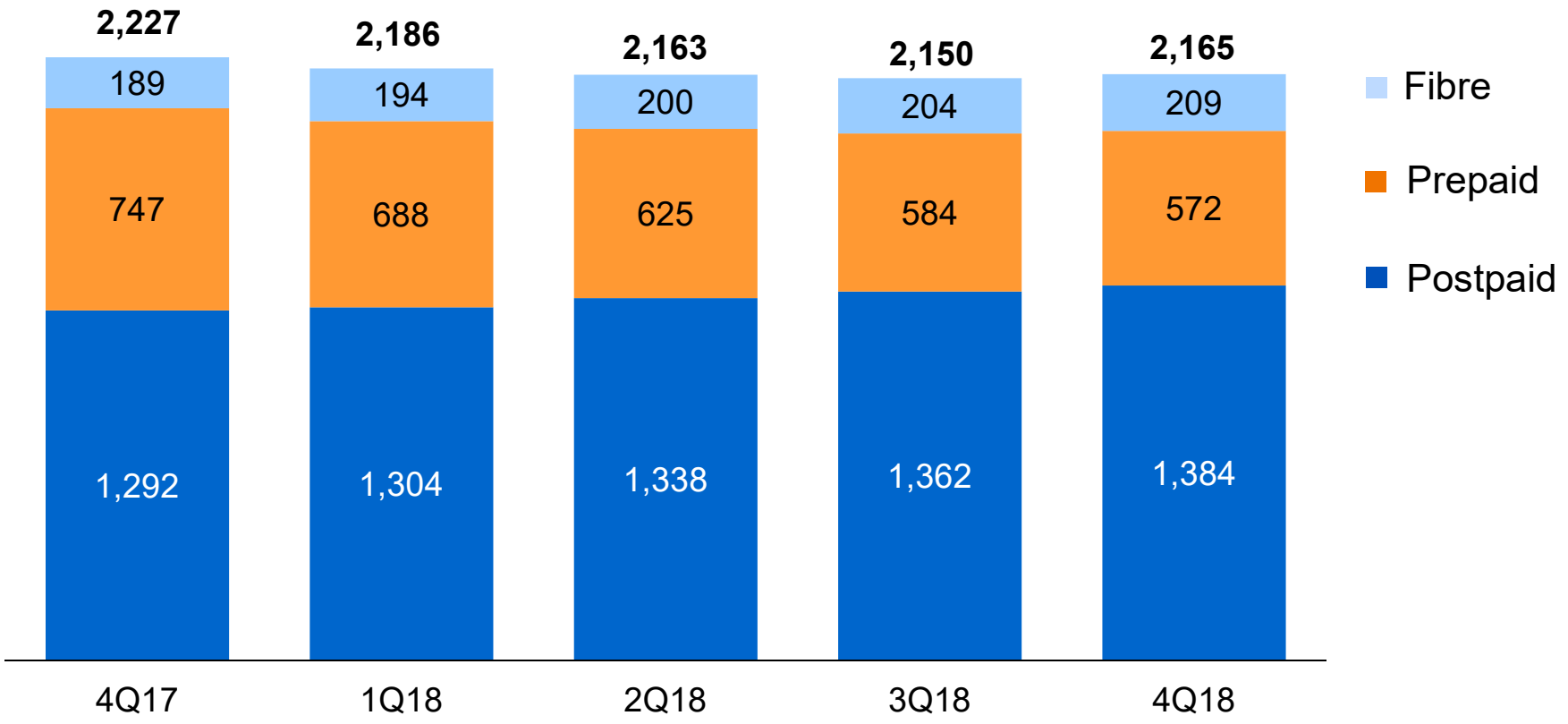
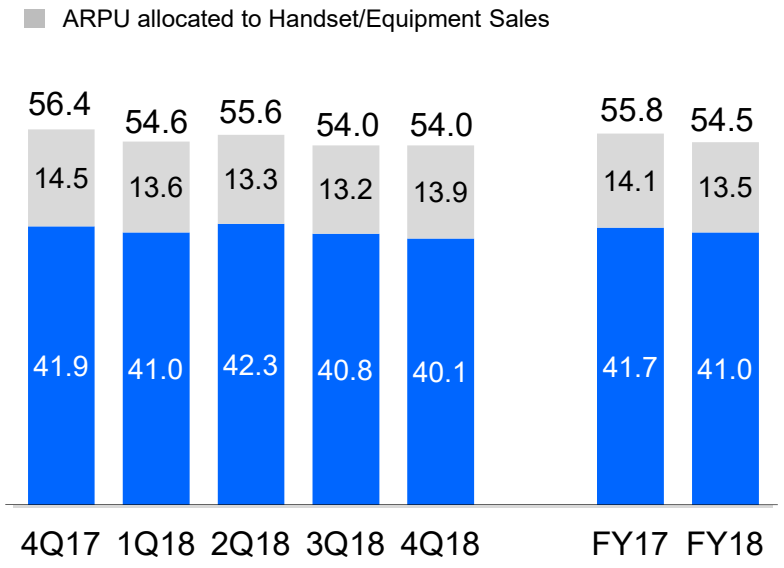
Customer base ('000)

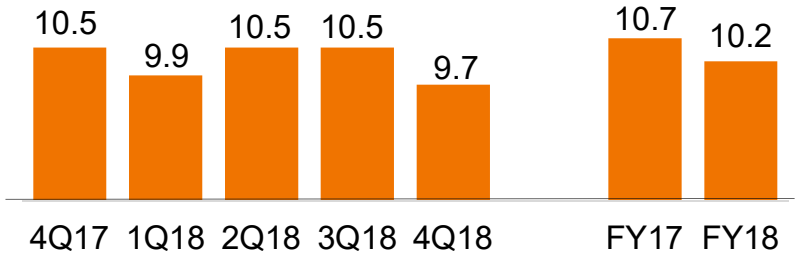


Mobile and Fibre ARPUs (S$)

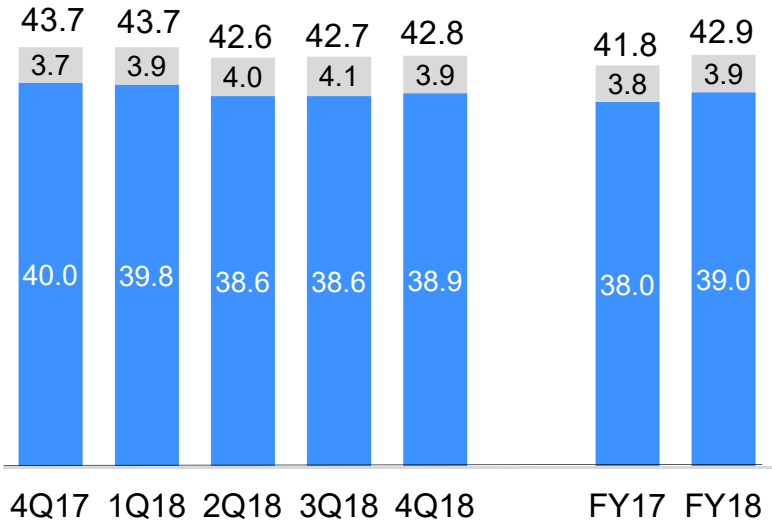
Postpaid



Prepaid

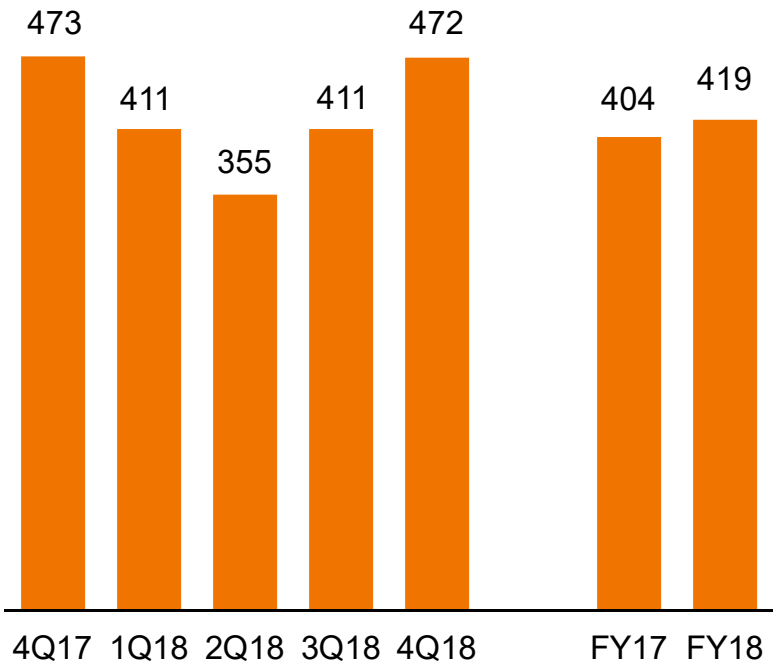


Fibre

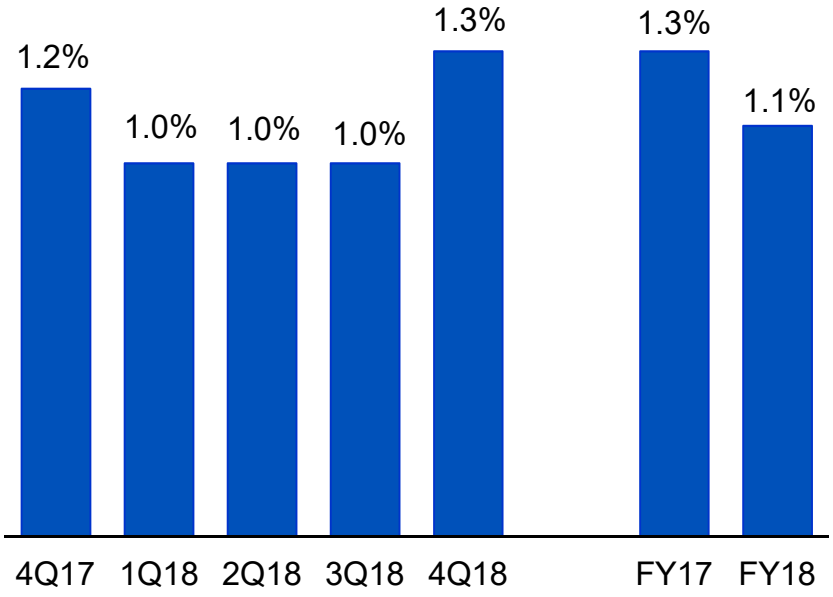


Postpaid mobile

Acquisition cost
per postpaid customer (S$)



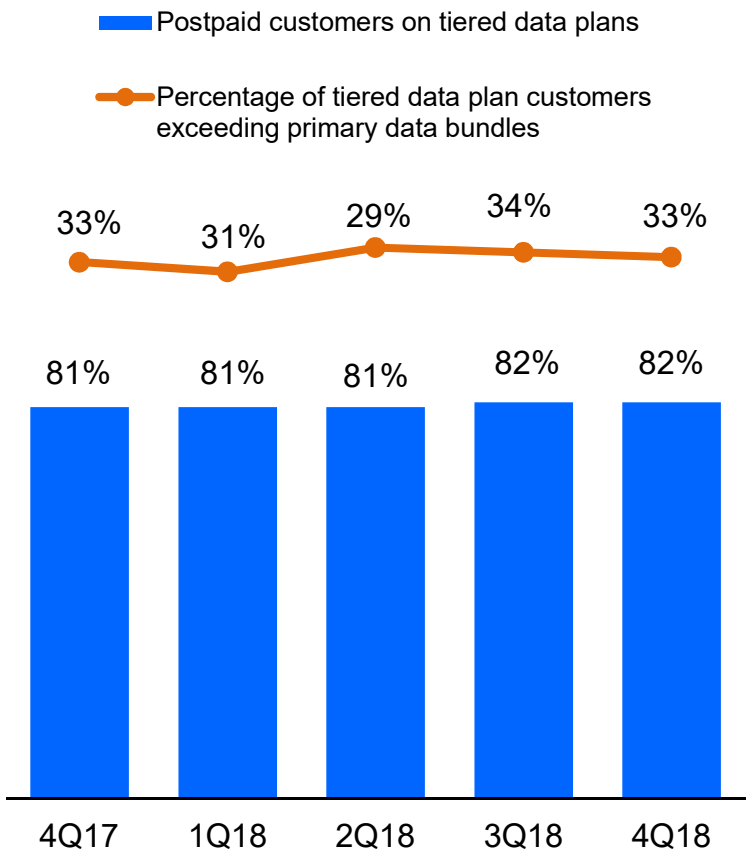
Monthly churn rate (postpaid)



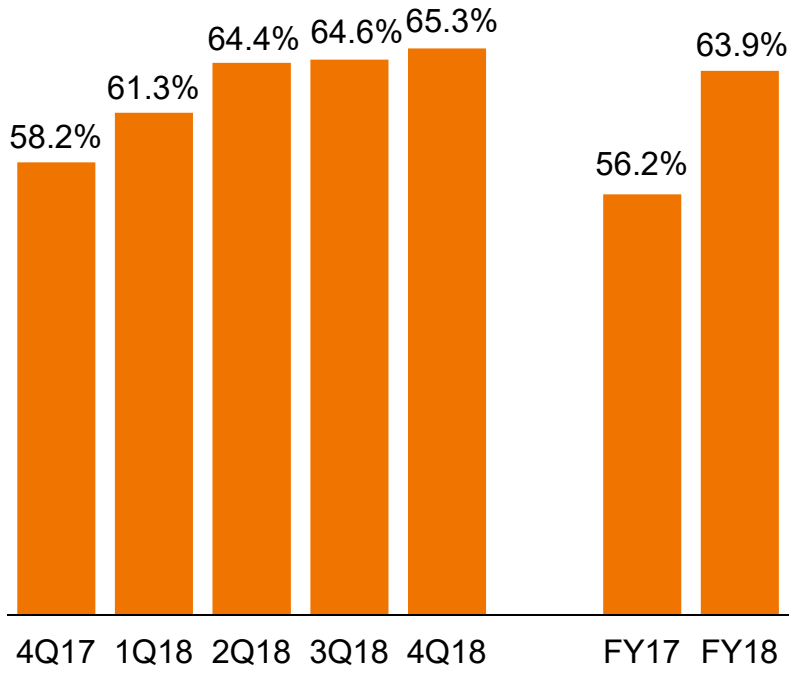
Note: Cash basis

Tiered data plans & Mobile data contribution

Tiered data plans



Data contribution
to mobile service revenue



Agenda

Financial highlights

Performance highlights

Developments

Voluntary Conditional General Offer (VCGO)

Highlights

- On 27 September 2018, Konnectivity Pte. Ltd. (the "Offeror"), a company jointly owned by Keppel Corporation Limited and Singapore Press Holdings Limited, announced a pre-conditional voluntary general offer for all the issued and paid up ordinary shares in the capital of M1 Limited (the "Offeree")
  - Satisfaction of the pre-condition was announced on 28 December 2018
- On 7 January 2019, the Offeror despatched the Voluntary Conditional General Offer document
  - S$2.06 Offer Price in cash per Offer Share
- On 22 January 2019, the Offeror announced
  - No intent to increase the Offer Price under any circumstances whatsoever
  - Extension of closing date to 18 February 2019
- More details in the Offer document (dated 7 January 2019) and Offeree circular (dated 21 January 2019)

Thank you