

AT A GLANCE

WHAT WE DO

M1 offers a wide range of mobile and fixed communications services to consumers and corporate customers



CONSUMER

Mobile

- Broad range of postpaid and prepaid mobile services enabling customers to call, message, access internet and apps, stream music and videos, whether at home or travelling overseas

Fixed

- Fibre broadband connectivity services with up to 10Gbps speeds, voice, WiFi, home network and security solutions

Value-Added Services

- Host of mobile and fixed value-added services to cater to customers' evolving needs, including mobile remittance, cybersecurity protection, and My M1 App for account-related services

2017 HIGHLIGHTS



MOBILE CUSTOMERS

(End 2017)

2.03m
+19,000



FIBRE CUSTOMERS

(End 2017)

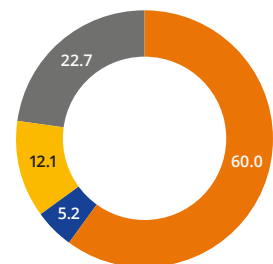
189,000
+29,000

MOBILE DATA AS A % OF SERVICE REVENUE

55.7%



OPERATING REVENUE MIX (%)



- Mobile Telecommunications
- International Call Services
- Fixed Services
- Handset Sales



CORPORATE

Total Communications

- Mobile, fixed and a suite of converged communication services to support the needs of our corporate customers, who range from small businesses to large multinational companies and government agencies

Fibre Broadband, Managed Services and Cloud Services

- Up to 10Gbps symmetrical PON connectivity services
- Unified Communications
- Wireless@SG
- SIP Trunk
- Virtual server and storage
- Backup-as-a-Service

Corporate Mobile

- Enterprise mobile plans with attractive data and roaming packages

ICT, Digital and Data Analytics Solutions

- Integrated service provider with end-to-end service delivery
- Advanced analytics, data management, data visualisation, and data discovery solutions
- Digital signage

IoT Solutions

- IoT connectivity solutions with Southeast Asia's first nationwide NB-IoT network
- Partnerships in offering end-to-end IoT solutions across sectors such as Retail, Fintech, Transportation and Smart Nation

CASH DISTRIBUTION PER SHARE (DECLARED)

11.4 cents



CAPITAL EXPENDITURE

S\$151m

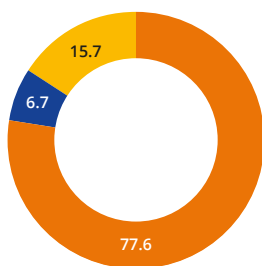


NET DEBT/EBITDA

1.3x

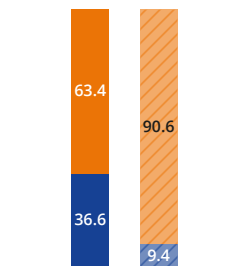


SERVICE REVENUE MIX (%)



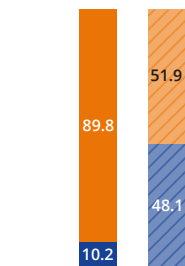
- Mobile Telecommunications
- International Call Services
- Fixed Services

MOBILE CUSTOMER/REVENUE MIX (%)



- Customer: Postpaid, Prepaid
- Revenue: Postpaid, Prepaid

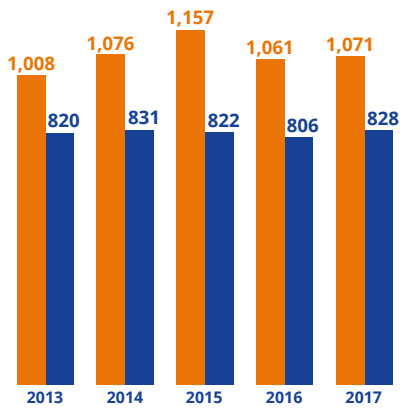
FIXED RESIDENTIAL AND CORPORATE CUSTOMER/REVENUE MIX (%)



- Customer: Residential, Corporate
- Revenue: Residential, Corporate

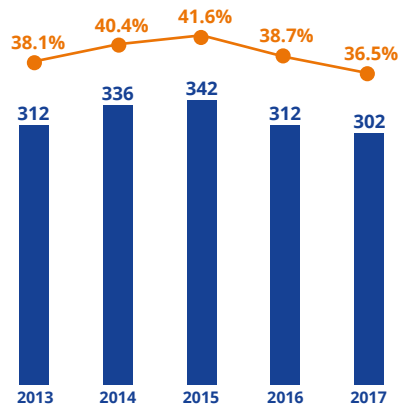
PERFORMANCE HIGHLIGHTS

OPERATING AND SERVICE REVENUES



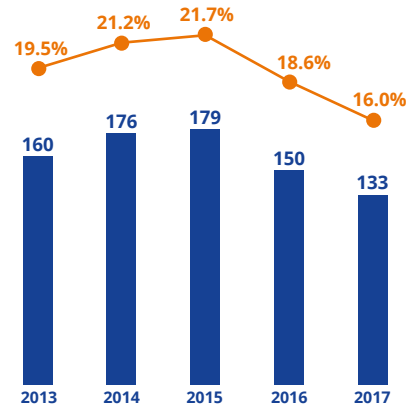
- Operating revenue (\$m)
- Service revenue (\$m)

EBITDA



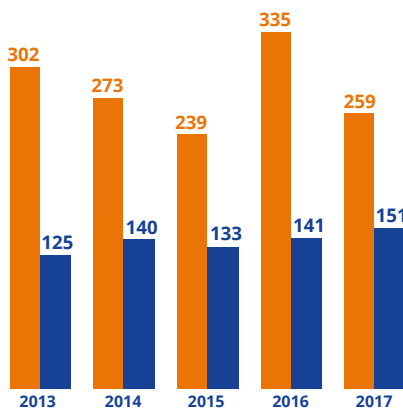
- EBITDA margin on service revenue
- EBITDA (\$m)

NET PROFIT AFTER TAX



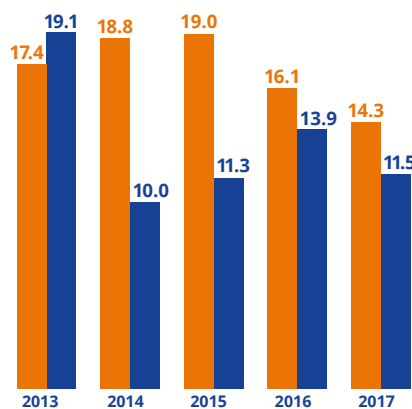
- Net profit after tax margin on service revenue
- Net profit after tax (\$m)

CASH FLOW AND CAPITAL EXPENDITURE



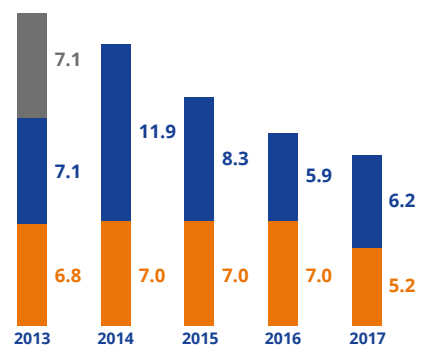
- Net cash flow from operating activities (\$m)
- Capital expenditure (\$m)

EARNINGS AND FREE CASH FLOW PER SHARE



- Earnings per share (basic) (cents)
- Free cash flow per share (cents)

CASH DISTRIBUTION PER SHARE (DECLARED)



- Interim dividend (cents)
- Final dividend (cents)
- Special dividend (cents)

OPERATING HIGHLIGHTS

	2017	2016	Change (%)
Mobile Telecommunications			
Number of mobile customers ('000)			
Postpaid	1,292	1,247	3.6
Prepaid	747	772	-3.3
Total	2,038	2,019	1.0
Market share ¹ (%)			
Postpaid	25.2	24.8	-
Prepaid	22.0	22.5	-
Overall	24.0	23.8	-
Singapore mobile penetration rate ¹ (%)	149.6	149.8	-
Average revenue per user (ARPU, S\$ per month)			
Postpaid (excludes Data plan)	55.8	58.0	-3.8
Postpaid (excludes Data plan and adjusted) ²	48.7	50.3	-3.2
Data plan	12.7	14.8	-14.2
Prepaid	10.7	12.2	-12.3
Non-voice services as a % of service revenue	55.7	54.0	-
Average monthly churn rate (%)	1.3	1.0	-
Acquisition cost per postpaid customer (S\$)	404	369	9.5
Fixed Services			
Number of fibre customers ('000)	189	160	18.1
ARPU (Fibre, S\$ per month)	43.5	45.1	-3.5

¹ Based on IMDA statistics as at November 2017

² After adjustment for ARPU allocated to handset sales

FINANCIAL HIGHLIGHTS

	2017	2016	Change (%)
Operating revenue (S\$m)	1,071.1	1,060.9	1.0
Mobile telecommunications	642.5	640.0	0.4
International call services	55.9	61.3	-8.9
Fixed services	129.7	104.2	24.5
Handset sales	243.0	255.4	-4.9
EBITDA (S\$m)	302.4	312.1	-3.1
Net profit after tax (S\$m)	132.5	149.7	-11.5
Free cash flow (S\$m)	106.7	129.6	-17.6
Net assets (S\$m)	428.9	403.4	6.3
Net debt (S\$m)	403.5	390.0	3.5
Financial ratios			
Net debt/equity (x)	0.9	1.0	-
Net debt/EBITDA (x)	1.3	1.2	-
EBITDA/interest (x)	30.6	46.2	-
ROE (%)	31.8	36.7	-
ROCE (%)	16.9	19.9	-

Note: Figures may not add up due to rounding

HOW WE CREATE VALUE

We Capitalise on Our Key Resources...

Capital Efficiency and Investments



Talent



Relationships and Partnerships



Innovation



and Focus on Our Strengths...

Investments in Spectrum, Networks and Infrastructure

Passionate and Committed Staff with a Drive to Innovate

High Standards of Corporate Governance

Customer-Centric Focus

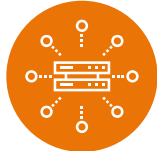
Uniquely Invaluable Network Data

A Strong and Renowned Brand

Partnerships Network

Conduct Business Responsibly, Ethically and Sustainably

to Create Value for Our Stakeholders



Customers

Superior customer experience



Shareholders

Sustainable financial performance, dividends and long-term value



Employees

Enjoyable, challenging, rewarding work



Community

Enriching and empowering communities



LETTER TO SHAREHOLDERS

With great ambition and optimism, we look forward to our next 20 years and our role in enabling a digital future for all

In 2017, we celebrated our 20th anniversary. As we reflect on our journey and plan our future, we are mindful that our business environment today is more complex than it has ever been.

Almost every industry is undergoing major changes, catalysed by the latest wave of disruptive technologies. From virtual or augmented reality, to the Internet of Things (IoT), advances in data analytics, cloud solutions and more, digital disruption is building an exciting new future. We see the emergence of new industries and ground-breaking business models across all industries. The telecom sector is not spared. Today, we have to reckon with new competitors from outside our industry. As we evolve, we too are adopting disruptive technologies and building new capabilities quickly.

At M1, it is deeply embedded in our culture to challenge and push boundaries, be ready to quickly adopt new practices, and to collaborate cohesively and with agility in executing our strategic plans. These virtues have been integral to our success in the past 20 years, and they will continue to serve us well in this rapidly-changing market.

Since M1's launch in 1997, we have built a strong reputation for our innovation, excellent service and network quality. In our short history, we have constantly challenged the status quo and stayed ahead of the curve in anticipating industry trends – first to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). Most recently, in August 2017, we launched Southeast Asia's first commercial nationwide NB-IoT (Narrowband Internet of Things) network, the second such network worldwide. We are proud of our leadership in innovation, and will continue to pioneer more firsts in the telecom industry.

In this digital age, one of our key assets is network data. With advances in data analytics, we can obtain both macro and micro insights into customer behaviour, usage patterns, preferences and interests as they happen. These insights allow us to create increasingly

personalised offerings, improve network performance and enhance the customer experience. In B2B terms, M1 is able to use our unique anonymised data to provide big data solutions to corporate customers.

We will continue to invest in our information and communications technology (ICT) capabilities and strengthen our portfolio of digital services to transform to a Smart Communications Provider to capture new opportunities that the digital economy brings. Our ongoing digitalisation to improve operational efficiencies will generate cost savings while providing our customers with a seamless digital experience.

With great ambition and optimism, we look forward to our next 20 years and our role in enabling a digital future for all.

FINANCIAL HIGHLIGHTS

In 2017, service revenue posted consecutive quarter-on-quarter growth to close the year at S\$828.1 million, 2.8% higher year-on-year. Fixed services revenue grew by a strong 24.5% to S\$129.7 million, and this accounted for 15.7% of service revenue compared to 12.9% a year ago. This growth was driven by a larger customer base and contribution from the corporate segment. International call services revenue decreased 8.9% to S\$55.9 million, on continued mobile data substitution. Operating revenue increased 1.0% to S\$1,071.1 million.

EBITDA decreased by 3.1% to S\$302.4 million mainly due to higher handset loss. Net profit after tax for the year decreased by 11.5% to S\$132.5 million as a result of increased depreciation and amortisation expenses and higher interest expense.

Mobile data usage continued to grow, with 2017 revenue from mobile data increasing 1.7 percentage points year-on-year to 55.7% of service revenue. Average data usage per postpaid smartphone customer increased to 4.3GB per month in the fourth quarter of 2017, compared to 3.6GB per month a year ago.

The Group's balance sheet remains healthy, with net debt-to-EBITDA at 1.3 times as at end 2017.

PERFORMANCE HIGHLIGHTS

M1's total customer base grew to 2.23 million as at end 2017.

Postpaid customer base increased by 45,000 year-on-year to 1.29 million. To cater to our customers' growing mobile data needs, we launched the mySIM³ plans to offer more value, including Singapore's first unlimited data 4G mobile plan, as well as mySIM^e plans with bundled handsets.

We also expanded our unique M1 Data Passport service for customers with the launch of two new regional Data Passports – one for nine ASEAN destinations and the other for 23 Asia destinations. With the M1 Data Passport made available in 56 popular destinations worldwide, the number of M1 customers using our data roaming services has increased more than 50% in 2017, with roaming traffic increasing more than 150%.

For corporate customers, we made available M1 Enterprise Mobile plans in April, offering unlimited local messaging and voice calls, as well as up to 12GB data bundles usable across 56 overseas destinations at attractive rates.

During the year, we introduced two new digital services to enhance customers' digital lifestyle. In April, we launched a new mobile remittance service – M1 Remit. Now, our mobile customers can access real-time exchange rates and remit funds anytime, anywhere, through a mobile app or a browser on their smart device. In September, we launched Asia's first network-based mobile malware detection solution – M1 Mobile Guard to offer always-on protection.

Our prepaid customer base decreased by 25,000 to 747,000, following the shutdown of the 2G network in the second quarter of 2017. During the year, we continued to enhance our prepaid propositions to cater to customers' changing preferences for digital and over-the-top (OTT) services. New prepaid roaming plans, with choice of roaming to 12 or 17 popular destinations, including Australia, Hong Kong, Japan, New Zealand and the United States, were launched in June. The M1 Prepaid Portal and M1 Prepaid

App were also made available to enable our prepaid customers to conveniently check balances, top up and purchase data packs that meet their needs.

Fibre customer base increased by 29,000 to 189,000, driven by our competitive service plans, tactical promotions and bundled solutions such as mesh WiFi systems.

We continued to make inroads into the corporate and government segment with major contract wins. This segment continues to grow and currently makes up around 50% of our fixed services revenue. We have also strengthened our product and service offerings, and capabilities in areas such as ICT solutions. In October, we launched the world's first symmetrical 10Gbps PON (passive optical network) connectivity service, as well as our next-generation unified operations monitoring centre for real-time monitoring of network services and IT infrastructure in both private and public clouds.

OUTLOOK

In the near term, market conditions will remain challenging.

The anticipated entry of new mobile service providers in 2018 is likely to ramp up competitive intensity. As a highly customer-centric company backed by quality assets and strong capabilities, M1 is poised to compete. We will continue to improve our services, deepen our segmented offerings and deliver superior customer experience to attract and retain customers.

We are well-placed to capture new opportunities in the IoT and Smart Nation space. As a leading IoT solutions provider, we continue to partner world-class solution providers to expand the suite of IoT products and services for various sectors. However, as it is a new technology and the ecosystem is evolving, mass adoption will take time.

Our Corporate and ICT business will continue to grow. We are building and acquiring competencies, and forming key partnerships with technology and solution providers, to strengthen and expand our corporate solutions, such

A YEAR OF PROGRESS



2.8%
higher service
revenue year-on-year,
closing the year
at S\$828.1m



1.3
times net
debt-to-EBITDA
as at end 2017



2.23m
total customer
base as at end 2017

LETTER TO SHAREHOLDERS

As a leading IoT solution provider, we are well-placed to capture new opportunities in the IoT and Smart Nation Space

as in areas of managed infrastructure and security solutions, Smart Nation initiatives, as well as cloud and data analytics.

From strengthening our core connectivity infrastructure, building digital and ICT capabilities, to digitalising our operations, we are on track to transform into a Smart Communications Provider and build new revenue streams that will deliver growth and long-term value for our stakeholders.

CORPORATE CITIZENSHIP

M1 is committed to responsible and sustainable business practices, as well as creating shared value for both our business and society at large. Corporate social responsibility is embedded in our corporate governance framework at M1. Through long-term partnerships and regular engagements with stakeholders and beneficiaries, we strive to achieve sustained positive outcomes in empowering individuals and enriching communities.

We constantly update our products and services to offer meaningful value to customers and society at large. In our multi-year partnership with Info-communications Media Development Authority (IMDA) as the appointed vendor for its NEU PC Plus Programme, Home Access Programme and Digital TV Assistance Scheme, M1 has helped to enable thousands of students and underprivileged households to access and enjoy the benefits of communications technology.

In all our business operations, we act responsibly and ethically, complying with laws and regulations, and supporting voluntary and best practice guidelines. Aligning with our own business values and principles, our Supplier Code of Conduct sets out the ethical standards we expect our suppliers to meet or exceed regarding issues such as human rights, health and safety, and environmental protection.

Our people are key to the success of our business, and we offer every opportunity for them to realise their potential at M1, progressing their careers in a safe, welcoming and inclusive environment. Employees are encouraged to further their knowledge

and broaden their skill sets through in-house training programmes, as well as external courses and longer-term learning such as post-graduate study. Reflecting this aim, the number of training courses attended by M1 employees rose by 30% in 2017 compared to the previous year.

We celebrate workplace equality and diversity – rewarding people on their capabilities and experience – regardless of gender, age or ethnicity. We have a strong culture of collaboration across functions, with robust processes and policies in place to support organisational growth. This enhances our ability to innovate and adapt to change. With active staff engagement, we align our people to our corporate objectives and motivate them to work together to achieve our goals.

We continually review our business operations to identify ways to reduce our impact on the environment while still increasing productivity and delivering consistent quality service to our customers. For example, an increase in the use of recycled NEWater for equipment cooling purposes at various M1 sites has reduced our consumption of potable water, from 100% in 2014 to 77% in 2017. We will continue our efforts to conserve resources in our networks, facilities and general operations.

Within the community, we continue to focus on our support of the arts, sports events and adopted charities. In 2017, we contributed more than S\$1.9 million to the community, through direct sponsorships, donations and funds raised.

Since launching commercial operations in 1997, M1 has supported the arts as we believe a thriving arts scene is important in enriching quality of life and strengthening social bonds in our multi-cultural nation. In 2017, we were accorded the National Arts Council Patron of the Arts Award for the 18th consecutive year in recognition of our sustained contribution to the arts.

The importance we place on the values that are instilled by sports has driven our ongoing support for netball in Singapore. Our association with the sport began in 2009 and, over the

years, we have sponsored schools and community netball initiatives from primary schools to national level. Combining our support for netball with our support for underprivileged children and youths-at-risk, we organised a charity exhibition match between M1 management and Singapore Members of Parliament in 2017, and in appreciation, pledged S\$50,000 to the beneficiaries of our adopted charities.

Further fundraising activities during the year raised more than S\$500,000 for these charities, while staff volunteers dedicated their time to organising regular outings for the underprivileged young beneficiaries.

DISTRIBUTION TO SHAREHOLDERS

M1 remains committed to maintaining a sustainable dividend policy that will enhance long-term shareholder value. For 2017, the Board of Directors has proposed a final dividend of 6.2 cents, bringing total dividends declared to 11.4 cents, representing a payout of 80% of our full-year net profit after tax.

In determining the dividend payout, the Board of Directors took into consideration the Company's cash flow, financial leverage, investment requirements and the resources available to pursue new business opportunities which may arise in the near or medium term, as well as the outlook on the competitive landscape and economy.

A NOTE OF THANKS

Firstly, on behalf of the Board, we would like to thank former Chairman Mr Choo Chiau Beng for his strong leadership, dedication and invaluable contribution to M1 during his three years on the Board. Mr Choo, who stepped down from the Board on 1 January 2018, strategically guided the Company through a fast-evolving telecommunications market with his dedicated service, business acumen and drive.

The Board would also like to thank Mr Alan Ow for his dedicated service to the M1 Board since February 2009. Mr Ow retires from office at the Annual General Meeting on 11 April 2018 and

will not be seeking re-appointment. As Chairman of the Audit Committee and member of the Remuneration and Risk Committees, he has contributed significantly to the M1 Board, particularly on audit, risk management and governance matters.

We welcome Mr Tan Wah Yeow to the Board as our new Independent Non-Executive Director and look forward to tapping his varied skills and deep experience.

In closing, we wish to thank our customers and shareholders for making the journey with us, as well as all staff of M1 who put forward their best at work every day, undeterred by the relentless pace of competition and industry shifts. With M1's collective strength, we will forge ahead to strengthen our market position in the digital world, excited about our opportunities and confident in meeting a vibrant future.

DANNY TEOH LEONG KAY
Chairman

KAREN KOOI LEE WAH
Chief Executive Officer

CORPORATE CITIZENSHIP



OUR BUSINESS

Supplier code of conduct which sets ethical standards implemented across M1's entire supply chain



OUR PEOPLE

M1 employees attended 30% more training courses in 2017



OUR COMMUNITY

More than S\$1.9 million contributed to community programmes

OPERATING REVIEW

M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to more than two million customers. 2017 marked the 20th year of M1's launch in Singapore

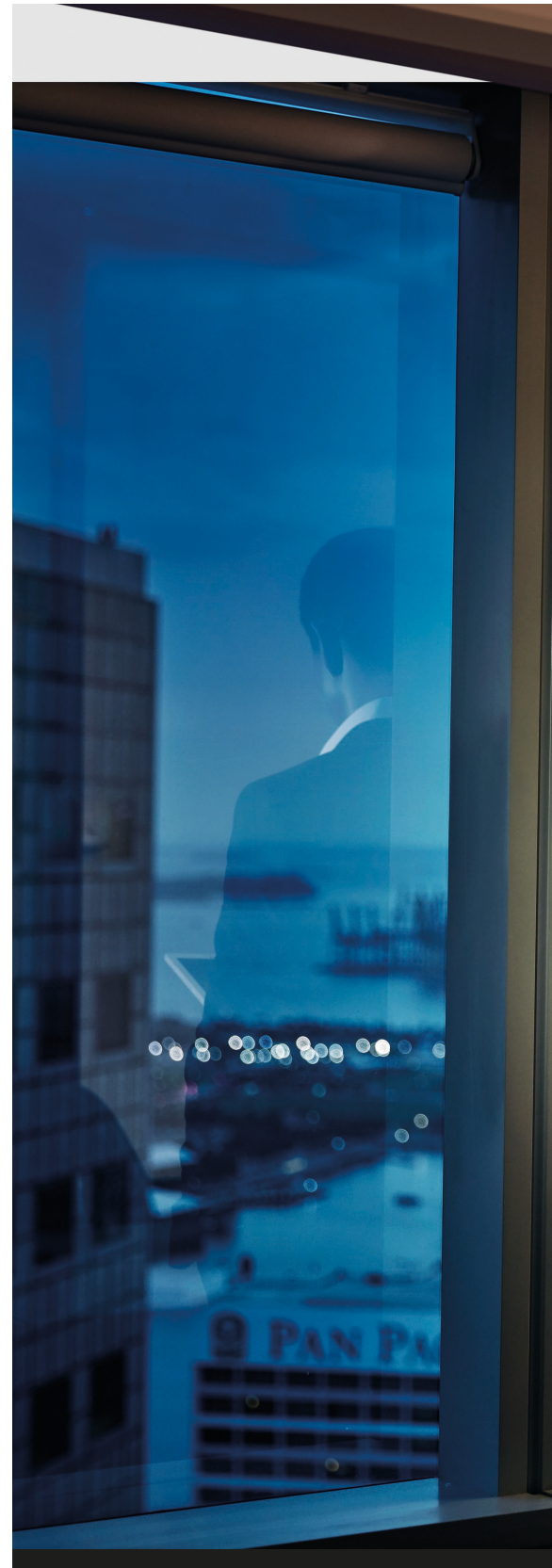
Since the launch of commercial services in 1997, M1 has achieved many firsts, including the first operator to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). With a continual focus on network quality, customer service, value and innovation, M1's mission is to link anyone and anything; anytime, anywhere.

The M1 Group holds Facilities-Based Operator and Services-Based Operator licences for the provision of telecommunication systems and services, a Telecommunication Dealer's Class Licence, for the import and sale of telecommunication equipment, and a Remittance Licence to provide outward remittance services.

M1 operates nationwide 4.5G/LTE (Long Term Evolution) Advanced and 3G/High Speed Packet Access (HSPA) networks, capable of download speeds of up to 300Mbps. We offer customers a wide range of data, voice and value-added mobile services, with or without a device. Both mobile and fixed-line customers can access our International Direct Dial (IDD) services through the 002, 021 and 033 prefixes. M1 also trades wholesale voice minutes with other international and local service providers, and provides dark fibre services to carriers and data centres.

In the fixed space, M1 has a range of residential fibre broadband services that offer speeds of up to 10Gbps, including fixed voice and other value-added services.

For the corporate segment, M1's extensive suite of mobile and fixed services includes symmetrical connectivity solutions of up to 10Gbps, managed services, cloud solutions, cybersecurity solutions, Internet of Things (IoT) and data centre services. Our dedicated and highly-committed team of corporate account managers, along with our technical crew, provide customers with reliable support, round-the-clock.



2.03m

total mobile customer base as at end 2017



First NB-IoT

commercial nationwide network in Singapore



OUR MILESTONES SINCE ESTABLISHMENT

- Commercial launch of mobile services in April 1997
- Achieved 10% mobile market share within a month of launch, and profitability in the first full year of operations in 1998
- Listed on the Singapore Exchange in December 2002
- First operator in Singapore to launch:
 - 3G mobile services commercially in February 2005
 - Nationwide mobile broadband services in December 2006
 - Fibre broadband services on the NGNBN commercially in September 2010
 - Mobile broadband service on our 4G network in June 2011
 - Nationwide 4G service in September 2012
 - Singapore's fastest corporate broadband service on the NGNBN in May 2014
 - Nationwide LTE-Advanced service in December 2014
 - Commercial nationwide NB-IoT (Narrowband Internet of Things) network in August 2017
 - Symmetrical 10Gbps PON (passive optical network) corporate connectivity service in October 2017

189,000

total fibre customer base as at end 2017

+24.5%

year-on-year fixed services revenue

OPERATING REVIEW

M1 launched the world's first symmetrical 10Gbps PON connectivity service, as well as next-generation unified operations monitoring centre for real-time monitoring of network services and IT infrastructure in both private and public clouds

For 2017, M1's operating revenue increased 1.0% year-on-year to S\$1,071.1 million. Service revenue continued its quarterly growth trend to close the year at S\$828.1 million, 2.8% higher year-on-year. Fixed services revenue increased 24.5% year-on-year to S\$129.7 million, and accounted for 15.7% of service revenue compared to 12.9% a year ago. Mobile data revenue increased 1.7 percentage points year-on-year to 55.7% of service revenue.

Net profit after tax decreased 11.5% year-on-year to S\$132.5 million, mainly due to higher handset loss, as well as higher depreciation and amortisation, and interest expenses. Net profit after tax margin on service revenue closed 2.6 percentage points lower at 16.0%. Free cash flow decreased 17.9% to S\$106.4 million as a result of working capital changes and higher capital expenditure. Net debt-to-EBITDA as at end 2017 remained healthy at 1.3 times.

As at end 2017, M1 had a total of 2,227,000 customers, comprising 1,292,000 postpaid, 747,000 prepaid and 189,000 fibre customers.

MARKET DEVELOPMENTS

Based on Info-communications Media Development Authority's (IMDA) statistics as at end November 2017, Singapore's mobile market penetration rate was 149.6%, compared to 149.8% as at end 2016. There were a total of 8.4 million mobile subscriptions comprising 60.6% postpaid and 39.4% prepaid subscriptions.

For fixed broadband, the residential broadband penetration rate was 94.5% as at end November 2017. From end 2016 to November 2017, the total fibre market including both residential and corporate subscriptions grew 0.9% to 1,468,700. Over the same period, cable and digital subscription line (xDSL) subscriptions fell 23.8% to 185,800, and 47.0% to 35,000, respectively.

MOBILE TELECOMMUNICATIONS

POSTPAID MOBILE

Our postpaid mobile segment continues to be the key contributor to our revenue, making up 63.4% of our total mobile customer base as at end 2017 and 90.6% of our 2017 mobile telecommunications revenue. In 2017, we added 45,000 postpaid customers to bring our postpaid base to 1,292,000.

Driven by faster networks and devices, mobile data usage grew in 2017. Average data usage per smartphone customer increased to 4.3GB per month in the fourth quarter of 2017, up from 3.6GB per month a year ago.

Through the year, we continued to enhance and expand our products and services.

In February 2017, to provide customers more flexibility and value in using their local data bundles in overseas destinations, we launched two new regional Data Passports – one for nine ASEAN destinations and the other for 23 Asia destinations. With M1 Data Passport available in 56 popular destinations worldwide, the number of M1 customers using our data roaming services increased by more than 50% in 2017, with roaming traffic growing by more than 150%.

During the year, we made available several innovative large data plans to cater to consumers' growing data needs for social networking, and video and music streaming services on the move. In August, we launched Singapore's first unlimited data 4G mobile plan, mySIM³ 98 at S\$98 a month. This was followed in October by the introduction of our mySIM^e plans, with subsidised handsets included. The four new mySIM^e plans start from 5GB data, 100 minutes of voice calls and 100 SMS at S\$40 a month, to unlimited data, voice calls and SMS, at S\$118 a month. We also released our mySIM^s share plan,

4.3GB per month

average postpaid data usage per smartphone customer

M1 Data Passport

available in 56 destinations

enabling mySIM³ and mySIM^e customers to share their plan bundles with up to two other lines.

Stepping up our payment and cyber security service offerings continues to be a priority. In March, M1 customers gained the convenience of paying for purchases, from the App Store and for Apple Music and iTunes, directly from their postpaid mobile service accounts. To offer consumers always-on cyber protection, in September we launched M1 Mobile Guard, Asia's first network-based mobile malware detection solution. Subsequently, in December, we unveiled our new and improved M1 Cyber Guardian self-help portal. Enhanced features empower parents to monitor online time and content for their children across all their devices.

For corporate customers, we released M1 Enterprise Mobile plans in April. The service offers unlimited local messaging and voice calls, as well as data bundles of up to 12GB, usable across 56 popular business destinations at attractive rates.

We continued to partner device manufacturers to make a selection of new handsets, tablets, wearables and accessories available to our customers. Key models launched during the year include Apple iPhone X, iPhone 8 and iPhone 8 Plus, Samsung Galaxy S8, S8+ and Note 8, Huawei Mate 10, Mate 10 Pro, P10 and Nova lite, LG V30+ and G6, Oppo R11s and R11s Plus, as well as Sony XZ Premium.

PREPAID MOBILE

M1's prepaid mobile service is mainly used by the migrant worker community, transient visitors to Singapore such as business travellers and tourists, and resident customers including parents who want to manage their children's mobile usage.

In 2017, our prepaid customer base decreased by 25,000 to 747,000, largely due to the cessation of 2G

network and services in April. In terms of usage trend, we continued to see the substitution of traditional voice services including IDD by the usage of OTT (over-the-top) services via cellular or WiFi networks, as well as increasing preference for data-centric services.

During the year, we enhanced our prepaid propositions to cater to customers' changing preferences. We also strengthened our services and tariffs in addition to the distribution of cards and top-ups on digital and traditional channels.

In 2015, we enabled our prepaid customers to use their data bundles in Malaysia and Indonesia, and three more destinations were added in 2016. In June 2017, we enhanced the prepaid roaming plans with the unique feature of bundled voice minutes for making short important calls when overseas. In addition, we launched two new plans offering the options to roam to 12 or 17 popular destinations, including Australia, Hong Kong, Japan, New Zealand and the United States. These plans come with 2GB data and 10 voice minutes.

To meet our prepaid customers' growing data needs, we launched M Cards that are bundled with larger data bundles in August 2017. 300MB, 500MB and 2GB data were bundled with the S\$2, S\$5 and S\$15 M Card activations respectively. In September, we further enhanced the attractiveness of data bundles by introducing larger data packs with free incoming calls, such as 7-day, 2GB Data Packs and 30-day, 6GB Data Packs. We also offered two new M Card Top-ups bundled with more data, SMS, local and international talktime.

In November, we introduced a new Tourist SIM Card. With a validity period of 10 days, the S\$50 Tourist SIM comes bundled with 100GB

local data, 5,000 local SMS and 3,000 local voice minutes. Besides local usage, tourists can enjoy 5GB roaming data in Hong Kong, Indonesia, Macau, Malaysia and Taiwan, and up to 50 voice minutes of international calls.

As a user experience enhancement, we launched M1 Prepaid portal in March 2017, and the M1 Prepaid App in November. Now, our prepaid customers can conveniently check balances, top up and purchase data packs on the go.

FIXED SERVICES

In 2017, we added 29,000 customers to bring our fibre customer base to 189,000. This increase was driven by our competitive service plans, tactical promotions and bundled solutions such as mesh WiFi systems.

The majority of our fibre base are residential customers. They can choose from a wide range of M1's home fibre broadband plans and value-added services, from the lowest priced plan at S\$29 a month for 300Mbps to the ultra-fast 10Gbps plan at S\$189 per month.

The corporate fixed services business is a growth segment. While it made up 10% of our fibre base, the segment contributed around 50% of fixed services revenue for the year 2017. For this segment, we continued to strengthen our product offerings and competencies in areas such as ICT solutions. In October, M1 launched the world's first symmetrical 10Gbps PON connectivity service, as well as next-generation unified operations monitoring centre for real-time monitoring of network services and IT infrastructure in both private and public clouds. We also expanded our fibre-to-the-building infrastructure with full redundancy capability to more than 55 shopping malls, offices and commercial buildings to better manage provision of service end-to-end.

M1 Prepaid App

launched in November 2017

10% of our Fibre Base

are corporate customers, contributing ~50% of fixed services revenue

OPERATING REVIEW

PRODUCTS AND SERVICES

M1's innovative and exciting products and services launched in 2017 include:

- **Mobile remittance service:**
Launched in April, M1 Remit offers a fully digital experience for money remittance. This service enables customers to access real-time exchange rates and remit funds to their designated recipients anytime, anywhere, through a mobile application or a browser on their smart device. Recipients are able to cash-out as quickly as within an hour of the transaction, from over 23,000 cash agents and 640 banks in the destination countries – the biggest cash-out network for any mobile remittance service in Singapore. M1 Remit currently offers nine remittance destinations – Bangladesh, India, Indonesia, Myanmar, Malaysia, Sri Lanka, Pakistan, Philippines and Thailand.
- **M Card roaming services:**
Launched in June, the prepaid roaming plans enable M Card customers to stay connected during their holidays and avoid the hassle of queuing to buy a local prepaid card upon arrival. The plans, priced at S\$15 and S\$28, are usable across 12 and 17 popular holiday destinations respectively, including Australia, Hong Kong, Japan, New Zealand and the United States – the widest selection of destinations of any prepaid roaming plan. The 2GB



M1 Remit

remit funds anytime, anywhere

MySIM³ 98

first unlimited local data
4G mobile plan for postpaid
customers



data and 10 voice minutes available on both plans are valid for 10 days from the activation date.

- **Enhanced mySIM plans:** The new data-centric MySIM³ 98 and MySIM^e 118, launched in August and October respectively, offer our postpaid customers unlimited local data bundle. With the new mySIM^e plans, customers have the option to get their favourite smartphone or tablet at a more affordable price. We also introduced the mySIM^s share plan, which enables mySIM³ and mySIM^e customers to share their plans with up to two other lines.
- **Mobile malware detection solution:** In partnership with Nokia, we launched M1 Mobile Guard, Asia's first network-based mobile malware detection solution in September. Powered by Nokia's NetGuard Endpoint Security network-based anti-malware solution, M1 Mobile Guard offers users the convenience of always-on protection and device health assessment, detecting, alerting and eliminating any threats found. The service is available at S\$2 per month.
- **True gaming experience:** M1 GamePRO 1Gbps is a customised broadband plan for gamers. Running on a dedicated network with managed custom routing to overseas gaming servers, GamePRO users will enjoy a smoother gameplay with the highest prioritisation in data traffic and lower latency. In December, GamePRO was bundled with the Linksys WRT32X gaming router; this enables serious online gamers to enjoy an optimised gaming experience while simultaneously managing other online traffic in the home to ensure other devices and activities are not compromised.

- **All-in-one cyber parental control:** Launched in December, M1 Cyber Guardian is a network-based all-in-one solution that enables parents to monitor online time and content for their children across all their devices at home and on the go. Previously known as Internet Parent Control, this enhanced service packs additional features including a self-help portal that enables parents to better customise and manage a healthier internet usage experience for their children.
- **M1 Enterprise Mobile:** To better serve the needs of corporate customers, we released two M1 Enterprise Mobile plans in April. M1's Enterprise Mobile 6, priced at S\$61 a month, comes with a 6GB data bundle, as well as unlimited local voice minutes and messaging. The Enterprise Mobile 12 plan, priced at S\$75 a month, offers 12GB of data for corporate customers that require even more data. A key feature on both plans is the unique M1 Enterprise Data Passport enabling the customer's data bundle to be used across 56 popular business destinations. International voice calls are also available at an affordable S\$0.10 per minute through M1's unified communications service.
- **Next-generation symmetrical connectivity:** M1 made available the world's first symmetrical 10Gbps PON in October. The new symmetric PON service enables M1 to deliver highly reliable, low-latency symmetrical 10Gbps upload and download speeds with guaranteed bitrates islandwide. Enterprises can leverage on this connectivity for cloud computing, software-defined networking (SDN), 4K/8K video transfers, and other applications.

M1 GamePRO

optimises gaming experience

M1 Enterprise Mobile Plans

up to 6GB data bundle with
unlimited local voice calls and data
roaming across 56 destinations

OPERATING REVIEW

M1 launched Southeast Asia's first and the world's second commercial nationwide NB-IoT network. This network will catalyse smart solutions innovation and support Singapore's transformation into a Smart Nation

- **Unified Operations Monitoring Centre (UOMC):** Launched in October, our next-generation UOMC enables our customers to access real-time information not just for network services, but also IT infrastructure in both private and public clouds. Advanced technology built into the architecture will deliver predictive information such as early warning of impending equipment failure. This enables customers to take proactive action to rectify potential faults before they occur. The UOMC can also partner and inter-operate with other security operating centres (SOCs), to address increasingly advanced cyber threats and to streamline IT incident management.
- **High-speed fibre network to buildings:** M1 has expanded its fibre network to enable high-speed corporate connectivity services at more than 55 shopping malls, offices and commercial buildings. This network enables M1 to better manage provision of services end-to-end, such as shorter activation within seven to 10 days of sign-up compared to the current 14 days, and provide service level agreement of up to 99.999%.
- **Cloud services for digital start-ups:** In November, M1 made available a new cloud offering designed for Singapore's digital start-ups and Small and Medium Enterprises. The service empowers users to rapidly develop software-based products and grow their businesses without hefty up-front infrastructure expenditure. M1 also enhanced its next-generation Software-Defined Data Centre (SDDC) portfolio, powered by the VMware Cloud Provider™ programme, with container support through Pivotal Container Service™ (PKS). This new cloud offering allows access to production-grade Kubernetes and natively-supported toolkits, which supports faster

deployment of containerised workloads across private and public clouds. Digital start-ups can shorten the innovation cycle and go to market faster, while saving on investment in on-premise infrastructure.

SALES AND DISTRIBUTION

As at end 2017, we operated 11 M1 Shop outlets, to provide customers with convenient access to our products and services. To further expand our reach and accessibility, we also partnered exclusive distributors such as Arrow Communications, Big Box Singapore, and Handphone Shop, and conducted regular roadshows at high-traffic locations such as shopping malls, migrant worker dormitories, and major consumer technology events.

M1's e-Shop exists to meet our customers' increasing preference to engage with us online. Through our online pre-order and collection system, they enjoy a better service experience with the ability to: choose their preferred product models, make payment, and select their preferred location for collection or make arrangements for delivery. Customers who choose to collect their handsets from M1 Shop outlets enjoy shortened collection times of as low as 10 minutes. Customers also have the flexibility of collecting their handsets outside of our outlet operating hours as we offer the option of delivering to POP Stations islandwide for pick-up anytime, 24 hours a day, seven days a week. During the year, we saw an increase in utilisation of the online channel, especially during the launch of popular models. Online transactions made up 56% of total transactions in 2017, compared to 49% in the previous year.

BRAND

2017 marked the 20th year of M1's launch in Singapore. To celebrate our anniversary, we partnered Cirque du Soleil once again to bring KOOZA, yet

55

additional shopping malls, offices and commercial buildings connected with M1's fibre network

KOOZA

in partnership with Cirque du Soleil to celebrate our 20th anniversary

another amazing and captivating Big Top production, to Singapore.

In June 2017, a new brand campaign, entitled "I'M1" was launched on TV, print, online and outdoor advertising channels. The campaign showed the inspirational story of M1, which has challenged industry status quo and championed choice for our customers for generations. Together, we have become the changemakers from all walks of life.

We continued to build affinity for the brand, as well as our products and services through engagement programmes with our customers on social media channels.

CUSTOMER EXPERIENCE

We continued to strengthen the customer experience across all touch points throughout the year.

Our postpaid customers are now using the refreshed My M1 App to obtain near real-time usage information and self-manage their account-related services, such as roaming and value-added service subscriptions. To date, 78% of our smartphone customers use My M1 App to manage their services. Adding to the success of the My M1 App, we introduced a similar App for our prepaid customers.

We also adopted leading-edge Artificial Intelligence technology to launch our very own Chatbot, Mindy, who assists customers with queries on our products and services.

The streamlining of the online Registration of Interest and Pre-Order for the purchase of newly-launched handsets was also warmly received by customers. Our new purchase flow involves less steps and clicks for a faster and smoother purchase experience.

At the heart of our excellent customer service is our staff. Their positive engagements with our customers were duly recognised at the highly-regarded annual Excellent Service Awards (EXSA).

M1 staff received 16 Star, 48 Gold, and 106 Silver awards compared to 11 Star, 41 Gold, and 94 Silver awards in the previous year. EXSA, a national award that recognises individuals for their outstanding service, is managed by seven industry bodies and supported by SPRING Singapore.

The Contact Centre Association of Singapore Awards 2017 also honoured our staff with both the Best Contact Centre Team Leader and Best Customer Service Professional of the Year awards.

Our continued efforts to better serve our customers have shown results with an improved score year-on-year in the Customer Satisfaction Index of Singapore for 2017, in both the Mobile Telecoms and Broadband segments.

NETWORKS

M1 has invested more than S\$2.0 billion in our mobile and fixed networks since our inception. Through continual investment in new networks and technology, we enhance the customer experience, improve business productivity and offer our customers the latest products and services, often ahead of competition.

Key network initiatives in 2017 include:

- **35Gbps in 5G trial:** Together with Huawei, M1 successfully demonstrated Singapore's highest 5G transmission speeds of 35Gbps. 5G technology will support a massive number of low-latency connections critical to driving the next wave of virtual/augmented reality and IoT applications such as autonomous driving, and powering smart applications that will fundamentally transform lives of Singaporeans in a 'Smart Nation'.
- **Cloud-based virtual core network:** Together with Huawei, M1 introduced Singapore's first cloud-based virtual Enhanced Packet Core (vEPC) network solution, to enhance M1's core network robustness and resiliency.

The solution also enables dynamic and more efficient use of network resources to support wide-ranging Smart Nation use cases, and shortens the time to market in the deployment of new IoT services. It will significantly improve network performance and enhance customer experience.

- **NB-IoT network:** M1 launched Southeast Asia's first and the world's second commercial nationwide NB-IoT network. This network will catalyse smart solutions innovation and support Singapore's transformation into a Smart Nation. The IoT, in enabling hyper-connectivity to millions of devices, sensors and services, is a key Smart Nation building block. With the launch of M1's NB-IoT network, solution providers and businesses can now develop and deploy new IoT-enabled solutions, such as smart energy management for buildings, asset tracking and fleet management. This will also fuel the development of many more solutions in the future.
- **Cessation of 2G services and retirement of 2G network:** The evolving technology landscape has seen consumers migrating to 3G and 4G technologies to enjoy more services and higher data speeds. This has brought along the retirement of the 2G network and cessation of 2G services, an exercise which was conducted in the second quarter of 2017. Working closely with IMDA, M1 partnered community groups to reach out to seniors and other 2G mobile users. At no additional cost, we assisted their transition to 3G/4G services without the need to re-contract to any plan; a range of affordable handsets was also made available for their use. First introduced to Singapore in 1994, the retirement of the 2G network has allowed for the re-allocation of scarce radio frequency spectrum to meet increasing demand for higher-speed mobile services.

I'M1

brand campaign
embodies M1's
inspirational story

16 Star 48 Gold 106 Silver

EXSA awards received
by M1 staff

OPERATING REVIEW

- **Integrated Small Cell/WiFi (HetNet):** Customer demand for data continues to grow, driven by faster networks and high-bandwidth mobile applications such as video streaming, social media and online gaming. Heterogeneous Network (HetNet), the integration of large and small cells with different wireless radio technologies, such as cellular and WiFi, enables M1 to provide the best coverage and network capacity to meet this growing demand. M1 is the largest Wireless@SG WiFi operator in Singapore with more than 10,000 access points. To complement our advanced 4.5G network, M1 deployed an overlay of integrated small cells and WiFi equipment to 300 high-traffic hotspots nationwide, including MRT/LRT stations, bus interchanges, major commercial buildings, malls and popular outdoor areas around Marina Bay.
- **Drones on 4.5G HetNet:** As drones become more commonplace today, M1 and Nanyang Technological University have conducted successful trials and embarked on research to develop M1's 4.5G Heterogeneous Network (HetNet) for the traffic-management of unmanned aerial systems (UAS) in Singapore's urban environment and its surrounding sea-to-shore coverage. The findings will provide valuable insights for unmanned operations using the future 5G Ultra-Reliable Low-Latency Communication (URLLC) network.



FINANCIAL REVIEW

OPERATING REVENUE

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
Operating Revenue			
Mobile telecommunication services	642.5	640.0	0.4%
International call services	55.9	61.3	-8.9%
Fixed services	129.7	104.2	24.5%
Total service revenue	828.1	805.5	2.8%
Handset sales	243.0	255.4	-4.9%
Total	1,071.1	1,060.9	1.0%

For 2017, service revenue increased 2.8% to S\$828.1 million, driven by higher Fixed Services revenue. Handset sales were 4.9% lower due to lower sales volume. Accordingly, operating revenue was 1.0% higher at S\$1,071.1 million for FY2017.

MOBILE TELECOMMUNICATIONS REVENUE

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
Mobile telecommunications revenue			
Postpaid	582.3	569.7	2.2%
Prepaid	60.2	70.3	-14.3%
Total	642.5	640.0	0.4%
ARPU (per month)			
Postpaid (excludes Data Plan)	55.8	58.0	-3.8%
Postpaid (excludes Data Plan and adjusted) ¹	48.7	50.3	-3.2%
Data plan	12.7	14.8	-14.2%
Prepaid	10.7	12.2	-12.3%
Fibre Broadband	43.5	45.1	-3.5%
Mobile data contribution as a % of service revenue	55.7%	54.0%	

¹ After adjustment for ARPU allocated to handset sales

Mobile telecommunications revenue increased 0.4% to S\$642.5 million. On a segmental basis, postpaid revenue increased 2.2% to S\$582.3 million due to increased subscription revenue from take-up of higher-end plans and wholesale revenue contribution from MVNO. Prepaid revenue at S\$60.2 million was 14.3% lower year-on-year due to lower voice traffic.

Mobile data usage continued to grow with average smartphone data usage increasing to 4.3GB per month in the fourth quarter of 2017 from 3.6GB per month a year ago. Accordingly, mobile data revenue increased 1.7 percentage points to 55.7% of service revenue.

FINANCIAL REVIEW

INTERNATIONAL CALL SERVICES REVENUE

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
International call services			
Retail revenue	36.0	42.5	-15.4%
Wholesale and bilateral revenue	19.9	18.8	5.9%
Total	55.9	61.3	-8.9%
Total international retail minutes (in millions)	631	696	-9.4%

International retail minutes decreased 9.4% to 631 million minutes, due to decline in usage. Accordingly, international call services revenue decreased 8.9% to S\$55.9 million.

HANDSET SALES

Handset sales decreased 4.9% to S\$243.0 million as a result of lower sales volume and selling price.

OPERATING EXPENSES

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
Cost of sales	471.5	461.5	2.2%
Staff costs	122.5	115.0	6.6%
Advertising and promotion expenses	19.4	22.1	-12.2%
Depreciation and amortisation	129.9	126.8	2.5%
Allowance for doubtful debts	9.0	8.4	8.1%
Facilities expenses	86.4	86.4	-0.1%
Leased circuit costs	32.8	31.5	4.1%
Licence fees	3.8	4.2	-9.8%
Other general and administrative expenses	24.5	25.0	-2.1%
Foreign exchange (gain)/loss	0.1	(*)	@
Total	899.9	880.9	2.2%

* Denotes less than S\$0.05 million

@ Denotes more than +/-300%

Operating expenses increased 2.2% to S\$899.9 million mainly due to higher cost of sales and staff costs.

COST OF SALES

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
Handset costs	339.7	343.9	-1.2%
Traffic expenses	38.7	39.2	-1.2%
Wholesale costs of fixed services	56.1	45.1	24.4%
Other costs	36.9	33.3	10.9%
Total	471.5	461.5	2.2%

Cost of sales at S\$471.5 million for FY2017 was 2.2% higher year-on-year mainly due to higher wholesale costs of fixed services. Handset costs decreased 1.2% to S\$339.7 million due to lower sales volume and average unit costs. Wholesale costs of fixed services increased 24.4% to S\$56.1 million as a result of a larger fibre customer base.

STAFF COSTS

Staff costs increased 6.6% to S\$122.5 million due to salary increment and bonus pay-outs.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses decreased 12.2% to S\$19.4 million, due to lower marketing activities.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenses increased 2.5% to S\$129.9 million mainly due to higher fixed asset base.

ALLOWANCE FOR BAD AND DOUBTFUL DEBT

Allowance for bad and doubtful debt increased 8.1% to S\$9.0 million.

FACILITIES EXPENSES

Facilities expenses at S\$86.4 million were stable year-on-year.

LEASED CIRCUIT COSTS

Leased circuit costs at S\$32.8 million for FY2017 were 4.1% higher year-on-year.

OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses decreased 2.1% to S\$24.5 million.

FINANCIAL REVIEW

FINANCE COSTS

Finance costs increased 46.5% to S\$9.9 million for FY2017 due to higher borrowings and interest rate.

TAXATION

Provision for taxation increased 4.2% to S\$30.1 million for FY2017. FY2016 benefited from a write-back of overprovision for tax.

NET PROFIT AFTER TAX

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
Net profit after tax	132.5	149.7	-11.5%
Net profit after tax margin (on service revenue)	16.0%	18.6%	

Net profit after tax at S\$132.5 million for FY2017 was 11.5% lower and net profit after tax margin was 16.0% of service revenue.

EBITDA

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
EBITDA	302.4	312.1	-3.1%
EBITDA margin (on service revenue)	36.5%	38.7%	

EBITDA decreased 3.1% to S\$302.4 million.

EBITDA margin, as a percentage of service revenue, was lower at 36.5%.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for FY2017 was S\$151.1 million as compared to S\$140.5 million for FY2016.

Capital commitment as at 31 December 2017 was S\$199.8 million which includes S\$188.0 million for the 700 MHz spectrum.

LIQUIDITY AND CAPITAL RESOURCES

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
Profit before tax	162.6	178.6	-8.9%
Non-cash item and net interest expense adjustments	114.0	103.4	10.2%
Net change in working capital	(17.6)	52.9	(133.3%)
Net cash provided by operating activities	259.0	334.9	(22.7%)
Net cash used in investing activities	(160.6)	(220.2)	27.1%
Net cash used in financing activities	(63.0)	(113.7)	44.6%
Net change in cash and cash equivalents	35.5	1.0	@
Cash and cash equivalents at beginning of financial period	11.0	10.0	10.5%
Cash and cash equivalents at end of financial period	46.5	11.0	@
Free cash flow ¹	106.7	129.6	-17.6%

¹ Free cash flow refers to net cash provided by operating activities less current year capital expenditure and payment for spectrum rights

@ Denotes more than +/-300%

Operating cash flow decreased 22.7% to S\$259.0 million. Accordingly, free cash flow was 17.6% lower at S\$106.7 million.

FINANCIAL LEVERAGE

As at end December 2017, gearing ratio was 0.9 times compared to 1.0 time as at end December 2016. Interest coverage ratio (EBITDA/Interest) was 30.6 times for 2017 compared to 46.2 times for 2016.