



# Grameenphone Earnings Disclosure

Q1 2021

20<sup>th</sup> April, 2021

Yasir Azman: Thank you for joining us this morning, I would like to wish you all a Happy Bengali New Year and Ramadan Kareem. Talking about highlights for the quarter one; we have stronger start of the first quarter in comparison to the first quarter of last year. First quarter of last year was very challenging for Grameenphone as we could not import our equipment and were a scarcity of numbers resulting in negative net adds, and we were unable to roll out Towers as the TowerCo regime was not functional.

We had a stronger start in first quarter of 2021 with well managed challenges, and this quarter also marks several milestones for both Bangladesh and Grameenphone. As the country marked its fiftieth year of independence, GP marks its twenty four year journey in the country as a partner and enabler to growth and digitalization of the nation. In this early March the telecom regulator had a spectrum auction where Grameenphone participated and secured 10.4 MHz spectrum. The auction had a very good outcome and it contributes positively towards the ultimate good of the country and the people. Having acquired a positive net add of 1.7 million subscribers in the first quarter, GP also marked 80 million subscribers milestone in February this year. On the fiftieth independence day of the country we also enabled hundred percent of our Grameenphone's towers with power of 4G with a growth of 50.7 percent year over year we ended the quarter with 21.5 Million 4G users.

We are committed to delivering value for our customers with the 10.4 newly acquired megahertz spectrum acquisition, Grameenphone now has the largest spectrum holding of 47.4 MHz in the country. During the quarter we converted almost converted 1,510 new sites to 4G resulting in a total of 15,590 towers enabled with 4G. With these factors combined Grameenphone now has the widest 4G network in the country which puts us in the position to further boost customer experience and quality of service. We will continue to contribute to our digitalization of Bangladesh and to meet the growing need for high-speed internet both in rural and urban areas with the power of 4G in every corner of the country, with a strong growth of data users this quarter compared to last year and we also have seen a 37 percent growth of 4G handset users in our network therefore providing us with the opportunity for future growth.

We have improved our momentum however we have seen increasing volatility. There are many persisting uncertainties and volatilities remaining because of the Covid 19 pandemic. Despite difficult year 2020 we remained focused on our agenda on delivering our strategic ambitions. With a strong market execution, we drove new



acquisitions by adding offers for GP pre-paid users at the same time raising benefits of existing offers through MyGP, which is our digital channel. We put extra focus on bundles this quarter gaining significant traction with strong contribution to our revenue. We revamped our overall portfolio with some significant changes such as flattening data proposition and removing distinction between 3G and 4G data offers thus driving convenience for our customers. With cash-back campaigns in on MFS channels we also could increase engagement over customers with our network. We continued to drive granular territory level focus to ensure right product reaches to the right customers maintaining a healthy sub-base growth as well as subsequent revenue growth; and through the lucrative offers we drove gross add which means the new acquisition and data through MyGP with exclusive contextual based offers to add value to our subscribers life resulting in over 9 million monthly active users and over 10 million downloads of our app. Digital adaptation was revamped through MyGP via exclusive download campaigns resulting in a back to growth momentum of digital recharge. We have seen 35 percent growth year over year in digital recharge in recharge volume. From our B2B verticals we achieved a strong acquisition of 80 thousand subscribers through product innovation and device bundling. Business customers continued to put their trust on GP for that dual capability of delivering strongest network across the country and providing industry specific solutions; we have started providing industry specific solutions to our business customers.

We continue focus on empowering societies through digital inclusion and enablement. At the end of the first quarter 2021, Grameenphone connecting a subscriber base of 80.7 million people whom, out of whom 41.7 million customers access the internet and 21.5 million of those customers are empowered with power of 4G. We are also driving digital enablement for our businesses and institutions by catering to the concept of touch free economy. Covid has accelerated the need for digitalization and with industry specific offers we are bringing solution to our customers business and digital journey in their life. We are enabling remote working by innovating solutions through smart connectivity bundles, audio conference and cloud solution among others. We have signed agreement and completed biometrics with Bangladesh Technical Education Board for providing education institution identification number based SIM to ten thousand institutions, tagging those institutions for advanced and convenient communication services.

We continue our focus on online safety and youth upskill. A government development and private coalition has been formed by UNDP last year to create economic opportunities for country's massive youth population through skill development and various economic enablement efforts. Grameenphone as private sector lead in this coalition has been supporting UNDP and Bangladesh Investment Development Authority to shape up a multi-stake program called "Future Nation" to drive this ambition. We have signed an MoU with UNDP to take this collaboration further toward exploring possible avenues to contribute in the program materialization. Grameenphone continues to work with Telenor and UNICEF on the child online safety



program “Be Smart, Use Heart” to create a meaningful and safer digital participation especially in the context of Covid 19 scenario for children, parents and educators.

Before I invite CFO, our CFO to on the financials, let me give some highlights on our Covid 19 situation in Bangladesh. Vaccination actually have commenced from February which over 7 million people vaccinated till date. With the current second wave of Covid 19 current number of cases reported has grown to about 723,000 while cumulative deaths have crossed 10,000. As a preventive measure currently the country is under strict restrictions and lockdown declared by the government which has already been extended by a week. Telecommunications has been declared an emergency service therefore running our operation is allowed and we are doing so. We have been diligently following our business continuity plan which comprises of best practices with key focus on ensuring health and safety of our people and those we work with us, as well as delivering values for our customers and shareholders. We will continue to monitor the situation, pivot when necessary by working together with our stakeholders and together as a team in Grameenphone. With this I will now welcome our Chief Financial Officer, Jens Becker, to take us through our financial performance for the quarter. Jens.

Jens Becker: Than you Azman and good morning to everyone. Let me start as always with a brief overview before going into the details. In Q1 21, Grameenphone continued its solid operational performance in terms of strong subscriber acquisition and investment momentum along with a strong EBITDA margin. The overall economy as we just heard from Azman is still impacted by Covid 19 where average daily new cases has reached a level of around 5,000 by the end of March, while educational institutions remained closed. Despite the volatility of this situation Grameenphone remained active in the market with a strong gross add drive along with a continued expansion of our 4G network. In summary Grameenphone had a -2.2% Year-on-Year growth in daily subscription and traffic revenue in Q1, after -2.8% in Q4, 2020; however Quarter-on-Quarter daily subscriber and traffic revenue grew by +2%. Through our efficient OPEX management we are able to maintain a strong EBITDA margin of 62.7%. With the continued investment momentum GP’s CAPEX to Sales, excluding license and lease, ratio for the quarter stood at 9.6% compared to 7.2% in the previous quarter. Earnings per share stood at 6.6 BDT reflecting a 16.7% Year-on-Year degrowth in Q1, mainly contributed by higher finance cost and favorable one-off adjustments in Q1 last year. In terms of subscriber development Grameenphone continued its acquisition drive in the market resulting into 1.7 million net adds in Q1 '21 while surpassing the milestone of 80 million subscribers. Our subscriber base at the end of the quarter stood at 80.7 million with a 2.2% growth from previous quarter and a 7.2% growth Year-on-Year. With this according to BTRC published information as of February '21, GP subscription market share stood at 46.4%. The 4G population coverage reached 95.8% which is a 4.7 percentage points increase from last quarter, which was at 91.1% 4G pop. coverage.



Now turning to the revenue development; the overall revenue development was impacted by the economic uncertainty along with the reduction in local call termination rate effective from mid July 2020. Year-on-Year daily subscription and traffic revenue growth for the quarter stood at -2.2% and -3.7% for total revenue. Here the 1.1 billion, or -3.2% decrease in subscription and traffic revenue was mainly driven by a lower voice revenue of around 1.3 billion BDT.

Next page; our data users for the quarter stood at 41.7 million including 21.5 million 4G data user, which means that our number of 4G data users increased by 1.7 million in Q1 '21. The growth in 4G data users was positively impacted by the accelerated drive of the expansion of our 4G network capacity along with a continued focus on 4G conversion. Year-on-Year data revenue de-grew by -4.4% in Q1 '21 driven by a 6.8% decrease in data ARPU, partly offset by a 3.4% increase in data users. With our combo packs drive in the quarter GP brought relevant value propositions for the subscribers; as a result Year-on-Year revenue from bundles grew by 0.7 billion or more than 150% Year-on-Year. Besides considering the data revenue allocation from bundle packs, Year-on-Year GP's data revenue growth was -1.1% or on a daily basis basically remained flat.

Next page; GP continued providing its customers better value through attractive market offers including segmented campaigns, new packs to remove 3G 4G barriers, celebration packs for our 50 years Bangladesh of independence, and 80 million sub base celebration. In addition GP continued its focus on portfolio integration like we heard before from Azman with different MFS channels, as a result GP's average megabyte per user grew by 32.4%. The service ARPU growth was mainly impacted by lower service average minutes per user along with a dilution in service average price per minute.

Now turning to the cost side; our efficient OPEX management led to a Year-on-Year 4.2% OPEX degrowth against the 3.7% degrowth in total revenue. With this OPEX for the quarter stood at 10.7 billion, the lower OPEX in Q1 was mainly a result of lower commissions, market spent, and operational efficiency. EBITDA de-grew by 4.5% Year-on-Year mainly due to the lower revenue, increased direct costs partly offset by the mentioned lower OPEX; with this EBITDA margin maintains strong at 62.7%.

Next slide, the investment side; so GP's investment momentum continued with 3.6 billion CAPEX excluding the license and lease in this quarter, focusing mainly towards accelerated 4G network expansion. We rolled out 1,510 new 4G sites in this quarter resulting into 100% 4G towers. At the end of Q1 the number of 4G sites reached 15,590.

Next page; the Year-on-Year 16.7% degrowth in net profit was mainly driven by higher financing cost of 0.7 billion due to lower foreign exchange gain and higher tax



expenses due to favorable one-off adjustments in last year. Net profit for the quarter stood at 8.9 billion with a 25.6% margin. On a reported basis the net profit after taxes margin decreased by 4 percentage points from last year.

Next; the Year-on-Year 4.3 billion degrowth in operating cash flow means EBITDA minus CAPEX was mainly contributed by a 3.2 billion higher CAPEX and the 1 billion lower EBITDA. Net Debt stood at -5.5 billion, the 6 billion increase in Net Debt from last quarter was mainly contributed by 1.2 billion lower liability and 4.8 billion higher cash balance excluding the restricted cash.

Now finishing off my part of the presentation with an overview of our contribution to the National Exchequer which stood at 27.3 billion in Q1 equaling around 78.5% of our revenue. And with this I would like to hand back to Azman.

Yasir Azman: Thank you Jens, and to recap I must say we have had a strong momentum in the beginning of 2021 as a combination of well managed operational challenges, with all our capabilities in place and playing to our strengths in the market execution. The volatilities related to Covid 19 are currently on an increasing trend and with our strong business continuity plan and collaborative approach efforts with our stakeholders, we are dedicated to supporting our communities in the recovery of the pandemic, while we maintain health and safety of our employees and our value chain partners, at the same time drive similar awareness for our customers. Going forward we'll continue to build on our leadership in technology and digital know-how, supported by innovation at the same time increasing number of subscribers, 4G users, and data users; all of which will be key to delivering on our future growth. I would like to thank you all. Stay safe and healthy.