



Grameenphone Earnings Disclosure

Q2 2021

15th July, 2021

Yasir Azman: Good morning everyone, my name is Yasir Azman CEO of Grameenphone, I thank you all for joining us this morning. Let me start with some of the industry facts this time. Now as reported by our regulator, till May 2021 the telecommunications industry overall has gained more than 5 million subscribers, which is almost a 3% increase from the exit 2020. In the same period, mobile data users have increased by over 5 million also, a 5% increase from end of 2020. And 61% of total mobile subscribers in Bangladesh are using now mobile data services as of May 2021. These are reported by our regulator.

If we talk about the highlights of Quarter 2. Quarter 2, 2021 marks Grameenphone's return to topline growth amid the Covid 19 pandemic situation. From the last year our Total Revenue grew by 8.1%. Having achieved the 80 million subscriber milestone in Quarter 1 this year, we ended the first half of the year with 82 million subscribers, which is more than 10% growth Year-Over-Year. And in addition to total subscribers, we also have significant growth in 4G users which is 56.5% from last year. However, the challenges have become even more daunting over the past few weeks as the country is facing its deadliest wave of Covid 19 till date; I will come back on this later on. This topline growth of 8.1% is driven by the enhanced customer experience and digitalization we have driven during this period. We began 2021 with a stronger start compared to 2020 as we were able to deal with and manage most of the challenges from Covid 19 situation and business environment during this period. In the first quarter we achieved a few milestones such as extensive expansion of 4G rollout what we did across the country. While we also acquired 10.4-megahertz spectrum at the auction held by the regulator. In the second quarter we prioritized deploying those spectrum while we continued with network rollout adding more capacity and coverage, which ultimately providing our customers with an enhanced network experience which is very key and is our prime focus when we deliver on our customer experience. We have also secured an additional TowerCo vendor which will further strengthen faster rollout and enhance strengthening network position. As both the demand for internet and users of internet are on growing trend in Bangladesh and for us in Grameenphone, we stayed true to our ambition of being a key contributor to the digitalization of Bangladesh by meeting the demand for data while providing highest internet experience for our customers. Despite the challenges from various restrictions due to the pandemic, we could display our ability in market execution bringing in new products such as bundles for our customers convenience in several price points and leading to more customer choosing Grameenphone as their preferred telecommunication service provider. We continued to drive granular territory level focus at the same time one-on-one personalized offer to ensure right



products reach to the right customers, which enables us to grow and maintain healthy sub base. Our approach in market execution led to 1.3 million Net Addition in subscriber space in this quarter and in quarter similarly 2.3 million new 4G users in comparison to 1.3 million net users of subscribers. And digital recharge has shown promising growth of 14.5% Year-on-Year with an 24% Year-over-Year growth in active MyGP users. This is attributed to our continued drive through our own digital channels such as the launch of new and attractive bundles, I have already mentioned, vouchers, and cash back campaigns from our flagship digital channels MyGP app, and as well as in partnership with mobile financial service providers. So altogether you know its like this enhanced customer experience and digitalization at the same time our ability to execute in the market most agile way, which from the taking learning from the previous quarters during this pandemic helped us to you know come back as stronger as topline growth.

Grameenphone continued empowering the citizens of Bangladesh by being the preferred choice. At the end of the first half of 2021, Grameenphone is connecting a subscriber base of 82 million people as I mention of whom 43.7 million customers access the internet and 23.8 million are empowered with the power of 4G and its increasing. We have also from 8th July we have incorporated the National Vaccination Management Portal on our self-service app MyGP enabling our customers to access the portal right from their fingertips, these are the initiatives that highly you know acknowledge and valued by the customers. Grameenphone has been continuously assessing for Covid 19 development and responding with different direct and indirect contributions from the beginning of the pandemic. In continuation of our Covid 19 response “Dakche Amar Desh” in 2020, this year jointly with BRAC we will provide food assistance under “Dakche Abar Desh” to the highly impacted population of our society. Families with elderly members, pregnant and lactating mothers, persons with disabilities, families dependent on women’s earning and ultra-poor household and those who have not received any assistance from other sources will be prioritized under this initiative. We are welcoming many other corporates to join in this initiative and that is why we say that this is “Dakche Abar Desh” during this time. We are firmly committed to play our role as a leading technology service provider as well as emergency service provider during this period and help our communities overcome this unprecedented challenging times.

As per the situation that emerged end of Q2 in relation to Covid 19 pandemic the recent wave I want to talk about of Covid 19 in Bangladesh has proven to be the deadliest so far. We have crossed 1 million reported cases and registered over 16,000 deaths. The authorities have also successfully vaccinated 5.8 million people during this time. To curb the latest breakout, especially the delta variant, the border areas of Bangladesh have been on lockdown since May, while stricter lockdown with the help of law enforcement has been in effect from 1st of July, which is at the beginning of the Quarter 3. We started seeing the trend, the increasing trend of the delta infected, infection its like towards the end of Quarter 2. Telecommunication services



continues to be recognized as the emergency service provider during this lockdown, and since the beginning of the pandemic last year GP has been operating with a strong business continuity plan utilizing the best practices and prioritizing the health and safety of our employees; not only our employees, partners, stakeholders and customers. Despite various challenges and risk, which we continue to mitigate, our network operations have remained unaffected. There has been various retail closure due to the lockdown which has affected our sales outlets, our teams have worked nonstop to ensure uninterrupted distribution by utilizing channels which remain open as per the directory of the authorities to cater the customers still in the physical space for those who will need it. We have also utilized our power of our data analytics to understand the movement of our customers and our retailers and help the retailers to keep our customer giving services as far as the recharge is concerned, as we understand the market is mostly pre-paid customer base.

We'll continue to monitor the situation and pivot, when necessary, by working together with our stakeholders. I'll come back with a summary. At this point I will now welcome our CFO, Jens Becker, to take you through our financial performance for the quarter, Quarter 2, 2021.

Jens Becker: Thank You Azman, and good morning to everybody. Let me start with the main KPIs. Amidst the continued lockdown situation starting from April, Grameenphone managed to deliver a strong organic financial performance in Q2, with a positive growth momentum in topline, along with the healthy profitability. The overall economy is largely impacted as Azman said by a new wave of Covid 19, with average daily new cases reaching to a level of more than 11,000 by the end of June. Despite the volatility of the situation, Grameenphone remained active in the market with strong subscriber acquisition, investment momentum and customer focused market activities. In summary, Grameenphone had a 8.5% Year-on-Year growth in subs and traffic revenue in Q2 '21, after -2.2% in Q1 '21 and -2.8% in Q4 '20 on a daily basis. In terms of EBITDA, we continued to maintain a healthy margin of 62%. With the continued investment efforts backed by the newly acquired spectrum at the end of last quarter, GP's CAPEX to Sales ratio for the quarter stood at 11.3%, which was 9.6% in the previous quarter, on a rolling 4 quarters average basis. Earnings per share stood at BDT 6.3 with a 17.1% Year-on-Year growth in Q2. The Year-on-Year growth in EPS is mainly contributed by the mentioned topline growth as well as lower finance cost.

Turning to our subscriber numbers, Grameenphone continued its subscriber acquisition drive in the market resulting into 1.3 million Net Adds in Q2 including 2 million new data users. Our sub base at the end of the quarter stood at 82 million, reflecting a 10.1% growth from last year and 1.6% from previous quarter. According to BTRC published information as of May '21, GP subscription market share increased therefore to 46.5% from last quarter, which was 46.4% in Q1. The number of data



users for the quarter stood at 43.7 million, including 23.8 million 4G data users, reflecting an increase of 4G data users by 2.3 million.

Next page please, coming to our revenue development. In Quarter 2, Grameenphone subscription and traffic revenue growth was mainly driven by the growth in bundles, means voice and data together, and then data alone and voice revenue alike. The Year-on-Year daily subscriber and traffic revenue growth for the quarter was as mentioned 8.5%, compared to the -2.2% in the Q1 this year; while Year-on-Year Total Revenue growth was 8.1% in Q2 due to lower interconnection revenue as a result of reduction in local call termination rates.

In addition to the continued focus on data and voice, Grameenphone has actively driven bundle products in Q2 in order to provide better customer value along with enhanced experience. By launching attractive and relevant bundle packs along with the continued digital adoption efforts, bundle revenue grew by 6.5 times compared to last year and 2.3 times from last quarter. Excluding bundles, data only subscription and pay-as-you-go revenue increased by 4% from last year. With this substantial growth in bundles the overall subscription and traffic revenue grew by 2.6 billion out of which 97% was driven by bundles with the 2.2 billion and data only with 0.3 billion.

Next slide. Grameenphone continued this value proposition through attractive market offers supported by newly acquired spectrum and 4G network expansion. As a result, GP's average megabyte per user grew by 38.6% from last year and 22.5% from last quarter. The overall service ARPU slightly decreased by 1.1% from last year. Now turning to EBITDA, with Year-on-Year 7.6% growth in EBITDA with the healthy margin of 62%. The growth in EBITDA was mainly driven by higher revenue. OPEX for the quarter stood at 11.2 billion with a 9% Year-on-Year growth. While the higher OPEX was mainly driven by higher regulatory, and sales and marketing cost due to the higher revenue.

On the investment side, we kept the investment momentum, continued with 5.2 billion CAPEX in Q2, focusing mainly towards 4G networking coverage expansion along with deployment of newly acquired spectrum. GP rolled out 556 new 4G sites and 524 new coverage sites in Q2. At the end of Q2 the total number of 4G sites reached 16,146. The 4G population coverage therefore reached 96.3% with an 0.5 percentage point increase from last quarter which was 95.8% 4G pop coverage.

Next page. Net Profit and Earnings per Share for the quarter grew by 17.1%. The Year-on-Year growth was positively impacted by lower finance cost, means lower foreign exchange loss and interest expenses. The Net Profit for the quarter stood at 8.5 billion with a 23.8% margin. On a reported basis, Net Profit after Taxes margin increased by 1.8 percentage point from last year. Year-on-Year 1.1 billion degrowth that we saw in Operating Cashflow, means EBITDA minus CAPEX, was driven by the 2.7 billion higher CAPEX, which was partly offset by 1.6 billion higher EBITDA. Net



Debt stood at 5.8 billion as of Q2 in combination of 12.3 billion liability and 6.5 billion cash balance, excluding the restricted cash. In terms of the contribution to the Exchequer for the first half of this year that stood at 54.4 billion equaling roughly 77% of our Total Revenue. With this our, as mentioned before, our Earnings per Share stood at BDT 12.85 and we are happy to announce an cash interim dividend of BDT 12.5 per share constituting a payout ratio of 97%.

With this I would like to hand back to Azman for wrapping it up.

Yasir Azman: Thank you Jens. As you see we are continuing with the stronger momentum we gained in the beginning of this year. With return to topline growth as a combination of enhanced customer experience, digitalization, and our agility to respond to the changing customer demand. We are also managing our operational challenges with all our capabilities in place and playing to our strength in the market execution. As the volatilities related to Covid 19 intensify we'll continue operating under our Business Continuity Plan, we'll continue collaborative efforts with our regulators and different government and private entities, in our dedication to support our communities in the recovery from this pandemic. I stop here. Thank You, Naureen and all connected.