



Grameenphone Earnings Disclosure

Q2 2022

18th July, 2022

Yasir Azman: Good morning everyone. Thank you for joining us for our second quarter results announcement. I would like to begin with some of the industry facts as reported by our regulator till May 2022. The Telecommunication industry reported 184.23 million subscribers, which is an increase by 1.3 million subscribers from the Q1 2022. In the same period, mobile data users have increased by over six hundred thousands reaching 125.52 million from the end of Q1 2022. If you go by the highlights, following a good growth momentum in the first quarter, Grameenphone is reporting an improving performance driven by Revenue and EBITDA in the second quarter of this year. And the second quarter, especially May and June, have been particularly challenging as the country dealt with seasonality challenges and as well as natural calamities. Despite such extreme circumstances our teams have displayed resilience on the ground while providing support to our communities in recovering from the impact.

Data Segment remains one of our key drivers behind our growth and topline recovery. We'll share further details in the subsequent slides. On 29th of June, our regulatory imposed a ban on SIM sales from Grameenphone side citing quality of service issues, we will also expand on this shortly. Continued improvement in growth despite external challenges what we have seen in Q2; we continued to prioritize our network and spectrum rollout ensuring enhanced experience of our customers, network experience for our customers. At the end of the first half of 2022 our total number of sites stood at over 19,400. Our constant focus on improving and expanding our network has been driving improved customer experience and as such led us to five quarters of consecutive growth in both topline and EBITDA. Now we also see growth in our Year-on-Year data usage and users, while 4G data users reached 31.5 million for us with 32.7% of growth from last year. 4G users growth can be attributed to focused expansion on 4G along with value driven product propositions we have done during the period, while conversion from 3G to 4G users also grew. With the constant drive on the innovative products offer customer engagement on the digital platforms, our digital share of sales continued to grow reaching 29.6% which is a 2.8%-points improvement from the last year. Even though the country is no longer under any kind of restriction due to the pandemic, it is very encouraging for us to see the growth in digital space and the customers higher adaption to digital. Our self-service app MyGP registered a 57% Year-on-Year growth in users reaching 12.5 million customer base. This is an outcome of building digital value like cash back, digitalized journey for 98% of our telco services and continued integration of our content services.



In the middle of May, the northern reaches of Bangladesh, namely Sylhet and Sunamganj, were hit by the highest rainfall in 122 years causing devastating flood in the region. The situation quickly escalated into a crisis as the region became disconnected from all modes of transport from water logging and lost commercial power leading to network outage. Our retailers and distributors were also severely hampered as the region became submerged. Through the relentless effort of our teams on the ground, our partners, and with support from the authorities and the various stakeholders, Grameenphone was able to restore network connectivity for our customers. There is still a long way to go in recovery from this flood, GP will continue to monitor and support these communities.

On 28th of June, BTRC issued restriction on Grameenphone from selling SIM cards by issuing an official letter on the basis of dropped calls, and not giving the compensation for the dropped calls. Grameenphone has been adhering to and staying well ahead of the regulator's quality of service benchmark and international telecommunications benchmark on dropped calls. In addition, Grameenphone has also been closely collaborating with BTRC to constantly improve the network quality and service by acquiring the highest allowable spectrum in the recent auction and taking a series of network modernization steps. Against this backdrop we are currently assessing this current unexpected letter and have already engaged in constructive dialogue with the regulator to resolve issues in the best interest of our existing and new customers.

I'll move on to the activities we do on the empowering societies and Grameenphone operations has always been which has been focused towards ensuring sustainable and fair business practices. We focus on various aspects encompassing environment, social, and go vernance in our operation and day-to-day interaction with our stakeholders. As a part of our digital inclusion and enablement, as of 30th June, 2022, Grameenphone is connecting a subscriber base of 84.6 million customers of whom 46.2 million customers access the internet and 31.5 million are empowered by 4G connectivity. As an equal opportunity employer, diversity and inclusion are imperative in the way we do our business. Our diversity agenda broadly includes gender, skills and competence. As the first half of 2022 45% of our new hires were women, while the percentage of women in the total workforce is over 17%. The expected extended leadership team of Grameenphone is comprised of over 10% female representation.

As mentioned earlier, Bangladesh is facing one of the worst floods of our recent time. In order to ease the difficult situation of flood affected people in Sunamganj, Sylhet and Netrokona, Grameenphone with the support from Bangladesh Red Crescent Society activated four medical camps, where patient are receiving medical consultancy as well as medicine for free of cost. Till 30th June these camps provided service to hundreds of patients at various locations. Besides Grameenphone is also working with Red Crescent to provide food relief pack for 15,000 families. These food packs will contain essential food items for a family for a week. GP is only one of the



many such corporate and government initiatives and together we can make really a positive impact.

Our ambition to educate children and adolescent in online safety continues; more than 280,000 children were covered by this program from April to June this year. We will have more details of Grameenphone ESG initiatives as well as performance KPIs available on our Investor Relation website.

I will now welcome our CFO, Jens Becker, to take you through our financial performance for the quarter. Jens.

Jens Becker: Thank you Azman and good morning to everybody. Let me start with a short overview of the key KPIs. In Q2 Grameenphone continued to deliver a solid financial performance with improved growth momentum in topline, EBITDA and NPAT. Our topline growth was supported by the robust deployment of 10.4-Megahertz spectrum, further sites rollout, and our enhanced customer centric market activities. During the quarter, Grameenphone registered a 6.5% Year-on-Year growth in subs and traffic revenue after 4.6% growth in the last quarter, and a 4.3% growth in EBITDA after 1.7% growth in Q1, while maintaining a solid EBITDA margin of 61%. GP has been continuously focusing on innovation, network modernization, and implementation of up-to-date technology to give our customers a state-of-the-art network experience. We acquired the maximum allowable spectrum in the auction, demonstrating GP's commitment towards customers. With this investment we will continue to strengthen our customer experience and quality of service further, contribute to Bangladesh digitalization, and meet the growing needs for high-speed internet in urban and rural areas. At the end of Q2, GP's CAPEX to Sales Ratio, excluding license and lease, for the quarter stood at 12.3% based on a four-quarter moving average, while on a stand-alone basis the CAPEX to Sales Ratio for the quarter stood at 14.8%. On reported basis, EPS for the quarter stood at BDT 6.82 with an 8.2% increase from last year.

Turning to the subscriber base. Grameenphone subscriber base continued to grow through new acquisition by serving the demand in the market as well as through effective retention programs. During the quarter, our subscriber base reached 84.6 million, with 3.2% growth from last year while data users reached 46.2 million with a 5.7% Year-on-Year growth. With continued efforts to enhance our 4G network experience, Grameenphones 4G data users reached 31.5 million with a 32.7% growth from last year. GP's internet users continued to increase usage and GP has been supporting it with deployment of the new spectrum and new sites. With this substantial growth in data usage GP's topline growth momentum improved in Q2. According to BTRC published information as of May '22, GP's subscription market share stood at 46.1%, which is an 0.3%-point improvement from last quarter.



Next page. The Total Revenue of Grameenphone grew by 5.9% in Q2 '22 after 4.4% growth in last quarter. The growth in Total Revenue was mainly driven by subscription and traffic revenue. Year-on-Year Daily STR growth for the quarter was 6.5% which was 4.6% in the last quarter. The growth in subs and traffic revenue was mainly driven by bundle and data revenue, supported by deployment of the 10.4-Megahertz spectrum, the site rollout and enhanced customer centric initiatives.

Turning to the revenue details. GP complied with the BTRC directives on data and combo products and thereby launched relevant and attractive product portfolio for its customer. Also, GP continued its digital adoption drive, as a result revenue from data packs grew Year-on-Year by 9.7% while bundle revenue doubled. To ensure the enriched experience for our customers, Grameenphone continued its value propositions through attractive market offers supported by continuous deployment of spectrum and 4G network expansion. As a result, GP's average megabyte per user grew by 52.9% from last year and 6% from last quarter. Besides this, the overall Service ARPU increased by 2% in Q2 after 0.5% growth in last quarter. The growth in Service ARPU was mainly contributed by higher contribution from bundle and data segment partly offset by lower contribution from voice.

Next page. GP had a Year-on-Year 4.3% growth in EBITDA with a solid margin of 61%. The growth in EBITDA was mainly driven by the growth in topline. OPEX for the quarter stood at 12 billion with a Year-on-Year growth of 6.9%. The Year-on-Year growth in OPEX was mainly driven by the higher market expenses, operational maintenance expenses, and energy cost. GP invested 5.6 billion CAPEX during the quarter focusing mainly towards 4G network coverage expansion, and spectrum deployment. GP rolled out 2,200+ new sites and 2,000+ new coverage site in the last 12 months. Besides this, GP also deployed 10.4-Megahertz spectrum in the 11,500+ sites during that period. At the end of Q2 the number of 4G sites reached at 18,387. The 4G population coverage reached 97.1% which was an 0.8%-point increase from last year.

Turning to Net Profit. Net Profit for the quarter stood at 9.2 billion with a Year-on-Year 8.2% growth and a 13.7% growth from last quarter. The Year-on-Year growth in Net Profit was mainly contributed by the EBITDA growth and favorable one-off adjustments. Excluding the one-off tax adjustments in Q2, Net Profit grew by 2.3%. Operating Cashflow for the quarter stood at 17.5 billion, the Year-on-Year 0.5 billion growth in Operating Cashflow in Q2 was the result of the 0.9 billion higher EBITDA partly offset by 0.4 billion higher CAPEX. On the other hand, Net Debt stood at 6.3 billion as of Q2 in combination of 11 billion short term bank loan and 4.7 billion cash balance excluding the restricted cash.

Next page. GP has paid BDT 54.3 billion equaling 73.1% of its total revenues to the National Exchequer in the form of taxes, VAT, duties, licenses, and spectrum assignment fees, during the first half of 2022. And since inception GP contributed



more than 1,000 billion BDT; or in crore, more than 100,000 crore to the National Exchequer. Our Earnings per Share for the first half of 2022 stand at BDT 12.82 and I am pleased to announce that the Board of Directors recommended an interim dividend of BDT 12.5 per share, which is 97.5% payout ratio for our honorable shareholders at the Board Meeting held on 17th July, 2022.

I will now hand back to Azman to summarize and wrap up.

Yasir Azman: Thank you Jens. The first half of 2022 saw strong growth as you hear aided by growth in data segment, execution in the market, coupled with focused investment in the network to enhance customer experience. And while the pandemic situation continued to ease, Bangladesh faced a new challenges from natural calamities as you hear which we are navigating head strong with the help of our government, stakeholder, partners and of course our on-ground ever resilient team. While we continue to explore modernization and transformation in our business, we look forward to continuing our planned rollout and deployment to continue enhancing the digital ambition of Bangladesh. We'll also continue to pursue our journey towards sustainable growth through competency development and creating partnership that will help us to cater to the constantly evolving connectivity needs of our customers and the society.

Thank you everyone.