

Company: Grameenphone Ltd.

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*Yasir Azman:* Good morning, everyone and welcome to Q-3 2020 earnings calls from Grameenphone's side. My name is Yasir Azman and I am the CEO of Grameenphone. I would like to begin with some industry highlights for all of you. Since the end of June up until August, the whole mobile industry has seen a growth of 4.8 million subscribers ending with just over 166 million total subscribers, as reported by our regulator BTRC. And during the same period, the industry also gained 4.7 million mobile data users reaching to 99 million users at the end of August. I will go through the highlights of this quarter. In this 3rd quarter, Grameenphone reported a recovery top-line as economic activities in Bangladesh gradually resumed back following the initial months of Covid-19 pandemic. After reporting a de-growth of 8.2% in 2nd quarter, we ended the 3rd quarter with a year-on-year decline of 2.8 in our total revenues, which we mark as a very good gradual recovery from the impact of Covid-19 in Q-2. As per the report, it is 7.5% growth in Q-3 over Q-2 2020. We have also resumed our network rollout activities reaching over 11,000 4G sites at the end of September and it is continuing. The adverse impact from Covid-19 continued in 3rd quarter while we faced additional challenges from weather conditions due to the rainfall and floods. We will get to know about more numbers when our CFO comes and presents on business performance. We have seen recovering performance even while we accepted SMP impositions in June 2020. Moving on to the next slide - of operations update: the economy of Bangladesh has actually started to show signs of gradual recovery from May after general holiday declared by the government came to an end in May. We have seen the recovery and throughout the quarter we saw businesses and overall economic activities resuming to normal operations and this is one of the key contributors to our recovery. As a nation we have suffered from record rainfall at the same time this year in Q-3. There were multiple floods in some parts of the country damaging infrastructure and livelihoods of the people, particularly in the last two weeks of September in Q-3. However, our rollout activities were almost unaffected. Revenue had some adverse impact out of this. Rollout continued in 3rd quarter as we added 1070 4G sites to our network. There has been a significant shift in the adaption of digital recharge during this pandemic. In the 3rd quarter, our digital recharge volume grew by 59.6% compared to the same period last year. So, from what we have seen in Q-2, we could sustain in Q-3 with some further increase into the digital recharges. Through market execution driven by data portfolio and emphasis on 4G conversion, we gained 2.6 million new 4G users. We reached 17.8 million active users at the end of quarter, as far as the data users are concerned. There were challenging business environment. We have been in meaningful consultations with the regulators and authorities. There are progresses and we will continue our engagement and constructive dialogue on all other matters. Some matters have seen significant development such as the approval of proposed agreement between Grameenphone and Tower Co. which was received on 18th October. As a result, Grameenphone was able to start rolling out new sites under the new tower co. framework. This will significantly help enhance our network strength further and provide an even better experience to our customers throughout the country and this is what we were waiting for. However, on some other matters such as BTRC audit and subsequent court cases, there has not been any progress as of today as the courts have been operating on a very limited scale under the Covid-19 situation. We continue our activities to empower societies as well. As of the end of September 2020, Grameenphone is serving a subscriber base of total 77.6 million with connectivity solution, a 4.1% growth from the previous quarter, we are serving 42 million data subscribers during the same period. We have also paid BDT 71.3 billion to the National Exchequer till September 2020

in this year. During the Eid-UI-Adha in late August, employees of Grameenphone came together to bring smile to 40,000 underprivileged children by providing 40,000 meals, which was carried out in partnership with Bidyanondo Foundation. We have already talked about extensive flood situation in the country and the damage it has left on the livelihood of our people. GP has distributed 62,000 flood relief packs in partnership with Bangladesh Red Crescent Society and our ambition is to distribute more, in total one lac packs. We are continuing with our work-from-home for most of our workers till further notice. However, our market and field force employees along with customers, stakeholders, and employees have gradually started operations starting from September while exercising strict precaution ensuring safety for themselves and those they interact with. Our sustainability team has also started visit from the ground to run necessary audit. Grameenphone will continue to thoroughly assess the situation and maintain the interest of our employees. We have seen that economic activities increased amidst Covid-19 in this quarter and we are now at the seventh month of Covid-19 in Bangladesh. So far, over 370,000 cases have been reported while the number of deaths has crossed 5500 in Bangladesh. The numbers started gradually declining in third quarter and there have not been any new lockdown or restrictions since May. However, protective measures are in place in most public areas. We have seen increased economic activities in September, reopening of many business and government offices started operating full hours since the middle of September. However, the educational sector remains closed and situation remains uncertain while gradual recovery is, of course, there as we see. I will take a pause here and I would like to invite and welcome our CFO, Jens Becker, to take us through our financial performance in details.

*Jens Becker:* Thank you, Azman, and good morning, everyone. Thank you for joining us today. I will proceed with our presentation with an overview of our financial performance. Grameenphone's financial performance has shown a clear recovery in Q-3 after the sharp decline in the previous quarter due to the Covid-19 situation. The recovery is led by increased economic activity following the gradual withdraw of most of the restrictions throughout this quarter. After the sharp revenue decline in Q-2 mostly in April, the recovery started from May and continued in Q-3. In summary, Grameenphone had 1.4% year-on-year de-growth in subscriber and traffic revenue after 8.1% de-growth in Q-2. The year-on-year EBITDA decreased by 3.5% while we were able to maintain our margin at 63.6%. The Capex/Sales ratio excluding license and lease for the quarter stood at 7.1% compared to 6.3% in the previous quarter. EPS for the quarter stood at BDT 6.59 with a 22.4% growth from the last year on a reported basis. Now, turning to the details and starting with the subscriber numbers. In the third quarter, Grameenphone subscriber acquisition resumed with 3.1 million net adds overcompensating the previous two quarters where we had negative net adds. Therefore, the subscriber base for the quarter stood at 77.6 million with a 4.1% growth from previous quarter. According to the information published by BTRC till August '20, GP's subscription market share improved by 0.2 percentage points to 46.4% compared to previous quarter, which has been 46.2% in Q-2. The 4G population coverage reached 83.3% with 6.2 percentage points increase from last quarter where we had 77.1% 4G population coverage in Q-2. Turning to the revenue picture - a year-on-year daily subscription and traffic revenue DSTR growth for the quarter was -1.4% compared to -2.8% for total revenue, as the recovery for total revenue was further impacted by a 30% reduction in local call termination rate effective from mid July 2020. In comparison to the previous quarter, the total revenue increased by 7.5%, hence continued to increase and to recover. The 0.5 billion decrease in subscription and traffic revenue was mainly driven by the fall in voice revenue contributed with a -1.4 billion, partly off-set by the growth in data revenue, which contributed positively again with 0.9 billion. At the end of the quarter, GP is yet to reach a positive year-on-year growth. On the data - specifically here, our data revenue continued with double digit

growth of 11.4% in this quarter. The growth in data revenue was driven by 8% increase in data ARPU and 3.4% increase in data users. Data user acquisition in Q-3 was positively impacted by accelerated drive on the expansion of our 4G network capacity along with a continued focus on 4G conversion. Data users for this quarter stood at 42 million including 17.8 million 4G data users. Overall data users increased by 1.1 million while 4G data users increased by 2.6 million during this quarter. GP continued providing its customers better values through attractive market offers including segmented campaigns and bonus on 4G data packs. As a result, GP's average usage, the Average Megabyte Per User grew by 46.5% to around an average 2.58 gigabyte per user leading to a 8% growth in data ARPU. The service ARPU recovered to a 3.4% de-growth after 8.2% de-growth in the previous quarter. The lower service ARPU was mainly driven by lower contribution from voice and interconnection and as mentioned, partly off-set by higher contribution from data. Now, turning to the Opex development - our efficient Opex management led to a year-on-year 0.9% Opex reduction, including our flood related CSR contribution that Azman mentioned before. With a lower Opex in Q-3, being mainly influenced by lower revenue driven cost and lower Overhead expenses, the Opex for the quarter stood at 10.8 billion. On the EBITDA side, we posted a year-on-year 3.5% de-growth in Q-3, mainly driven by the lower revenue after -10% in the previous quarter. In terms of margin, we maintained a 63.6% EBITDA margin in Q-3, which is 1.2 percentage points higher than previous quarter. On the investment side - we had a continued momentum with a 3.2 billion Capex excluding the license and lease in Q-3 and focused mainly towards acceleration of the 4G network expansion. We were able to roll out 1070 new 4G sites in Q-3 reaching 11,421 4G sites at the end of Q-3. Now, turning into profits - our net profit for the quarter stood at 8.9 billion reflecting a year-on-year 22.4% growth resulting mainly from one-off adjustments in the tax line in the previous year Q-3. Net profit margin in Q-3 stood at 25% showing an improvement by 5.2 percentage points from previous year and 3.1 percentage points from previous quarter. With these, earnings per share were recorded at 6.59 BDT. The year-on-year 1.9 billion de-growth in Operating Cash Flow was driven by 1.1 billion higher Capex and 0.8 billion lower EBITDA. On net debt, GP stood at 5 billion in this quarter. The 4.1 billion increase in net debt from previous quarter was mainly contributed by 3.8 billion higher liability and 0.3 billion lower cash balance excluding the restricted cash. And I am finishing my presentation with GP's contribution to the Exchequer, where in the first nine months of this year we have contributed around 71 billion BDT equalling 68% of total revenue. With this, I would like to welcome back Azman.

*Yasir Azman:* Thank you, Jens. I would like to highlight two things at the end. One is that we are experiencing positive impact on our business performance and growth from the gradual increase of economic activities in the country and our planned investment, of course. However, uncertainty remains, as I mentioned - because of Covid. As of today, development is positive. The second thing is that through planned investment, we will continue to expand our network and enhance the experience for our customers. Our dedication to our communities remain strong and we are committed to use our technological expertise in supporting the recovery of Covid-19 in Bangladesh. Thank you, everyone.