



# Grameenphone Earnings Disclosure

Q3 2022

20th October, 2022

Yasir Azman: Good morning everyone. My name is Yasir Azman, I am the CEO of Grameenphone; thank you for joining us for our third quarter results announcement. I would like to begin with some industry facts. As reported by our regulator, till August 2022, the telecommunication industry reported 183.5 million subscribers –declining by 0.9 million subscribers from June 2022. And till August mobile data users have increased by over 1 million reaching to 116.1 million from June 2022. If I go by the highlights for Q3 2022, Grameenphone is continuing to experience positive traction in this year, the continued growth momentum on revenue and EBITDA in the third quarter. The main driver behind our growth is improving contribution from voice and data revenue and usage. We will discuss our performance parameters in further details in the subsequent slides, however the third quarter presented many challenges on the macro-economic and regulatory environment. Like the rest of the world, Bangladesh is also facing pressure from macro-economic situation due to rising inflation and energy costs, which have dampened our topline and affected customer spending capability. Our teams continued to navigate the challenging circumstances by ensuring that we remain committed to our strategic priorities while delivering value for our customers and shareholders.

We are growing despite macro-economic pressure and regulatory challenges, as mentioned earlier our ongoing growth momentum is driven by higher revenue and usage from voice and data. This is the result of our commitment to continue improving our network quality and coverage and ensuring an enhanced experience for our customers in meeting the demand for high-speed connectivity. We have been heavily investing and improving the quality of service as far as data network experience concerned. In the third quarter we continued to invest in our network leading to over 19.7 thousand sites altogether for Grameenphone. With the vision to expedite the journey towards 'Smart Bangladesh', Grameenphone successfully completed 5G trials in all divisional cities in July. As the tech service leader of the country, we showcased 5G to customers throughout the country where the experience advanced technologies and different use cases like robotic arms, augmented reality videos, and virtual reality gaming, cloud gaming, etc. In the third quarter we made several changes to our product portfolio, revising prices in our data portfolio while remaining user focused with our bundle offers. As a result, we saw increase in both data usage and revenue while bundle contribution also grew. Digital recharge continued to improve in the third quarter with the 6.3% growth in digital recharge volume compared to last year. At the end of the quarter, Grameenphone self-service one-stop solution app, MyGP, registered a user base of 13.4 million.



We also faced several external challenges in this quarter mainly from worsening macroeconomic climate and regulatory environment. The inflation rate in Bangladesh continued to worsen aided mainly by higher cost of energy; as a measure to curb energy consumption, the government initiated several austerity measures affecting both the public and private sectors, such as controlled load shedding of the electricity from the national grid, reducing working hours, etc. Grameenphone has also engaged in several austerity measures to ensure we remain responsible in our consumption of energy while we tackle the ongoing crisis. And as a result of that ongoing inflation, we see higher operating cost and reduced spending capability of our customers which is adversely impacting our growth momentum. At the end of June, the regulatory had imposed a ban on SIM sales of Grameenphone citing quality of service due to which Grameenphone subscriber base witnessed a negative growth of 3.4% from Q2 2022. We have been actively engaging with the regulator and working toward overcoming this imposition, and as of mid of September the regulator has partially lifted the ban enabling us to resume our SIM sales immediately. We'll continue to work together with our regulator, engage in constructive dialogue to overcome this embargo in its entirety.

We continued empowering our societies with our various activities. Grameenphone's operation have always focused towards ensuring sustainability and fair business practices. We focused on various aspects encompassing environment, social, and governance in our operations and day-to-day interactions with our stakeholders. As a part of a digital inclusion enablement as of 30<sup>th</sup> September 2022, Grameenphone is connecting a subscriber base of 81.8 million customers of whom 45.5 million customers access the internet and 32 million are empowered with 4G connectivity. As an equal opportunity employer, diversity and inclusion are imperative in our way of the way we do business. Our diversity agenda broadly includes gender, skills, and competence. As the third quarter of this year, 45% of new hires were women, while percentage of women in total workforce reached to 18.5% level. The extended leadership team of Grameenphone's comprised of almost 13% female representation at this point of time. GP is focused on creating a positive notion to drive into the 4IR skills for future career of graduating students through Grameenphone Academy. This is an online platform launched in collaboration with Cisco Net Academy that is also running student engagement through universities around the country. Since its launch in May of this year, Grameenphone Academy has over 11,000 students enrolled and over 1,900 students received course completion certificates on different skills courses including Career Readiness skill, Entrepreneurship skill, Cyber Security, Introduction to IoT and Python Programming skills. The program has also been creating awareness about future challenges, opportunities and importance of skill development among student through town hall in different universities. Besides two female focused workshops were also conducted with e-certified training on Innovation and Robotic Process Automation. More details of Grameenphone's ESG initiatives as well as performance KPIs are available on our Investor Relation website, anytime you can access those.



This point of time 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. Grameenphone continued to deliver a strong financial performance in Q3 despite as mentioned by Azman, despite the headwinds that we saw from the economic environment due to the inflation, rising energy prices and austerity measures to reduce energy consumption. We experienced growth in topline and EBITDA for six consecutive quarters with enhanced growth momentum for five quarters. Increased customer focused market activities, continued improvement in our operational efficiency, the site rollout and spectrum deployment contributed to our topline and EBITDA growth momentum. During the quarter, Grameenphone registered 6.9% Year-on-Year growth in subs and traffic revenue after 6.5% growth in the last quarter and EBITDA grew by 5% after 4.3% growth in Q2. EBITDA margin stood at 62.2% with a 1.2%-point margin improvement from last quarter. We continued our network expansion and modernization plans to improve customer experience further. With the continuous investment effort at the end of Q3 GP's CAPEX to Sales ratio for the quarter stood at 12.7% based on the four-quarter moving average. Earnings per share for the quarter stood at 6.72 BDT which is a 6.1% increase from last year.

Now starting in the details and first turning first to the subscriber base. During Q3 Grameenphone's subscriber growth was impacted by the SIM sale restriction. To lift the ban on SIM sales GP has been actively engaging with respective stakeholders. BTRC partially lifted the SIM sales restriction in the middle of September. Due to the SIM sale ban, at the end of Q3 Grameenphone's subscriber base has decreased by 2.1% from the previous year to 81.8 million, while the number of data users has decreased by 1.2% Year-on-Year to 45.5 million. Despite having a degrowth in subscriber base, in Q3 Grameenphone's 4G data users continued to grow and reached 32 million which is a 15.9% growth from last year, which was possible due to our continued effort to enhance the 4G network experience. Grameenphone's subscription market share also got impacted as there was no subscriber acquisition till middle of September due to the regulatory restrictions. According to BTRC's published information as of August '22, GP's subscription market share stood at 45.3% which is a 0.7%-points lower compared to last quarter.

Grameenphone registered six consecutive quarters of growth in Total Revenue and Daily Subscription and Traffic Revenue. Total Revenue grew by 6.7% in Q3 after 5.9% growth in last quarter. Growth in Total Revenue was mainly driven by the 6.9% growth in the Daily Subscription and Traffic Revenue which was 6.5% in last quarter. The growth in Subs and Traffic Revenue was driven by all three –means bundles, data, and voice.



Now turning to the revenue details. Grameenphone refurbished its data portfolio during the quarter due to the implementation of 15% VAT on data services in response to changes in the National Budget. Considering customer needs, Grameenphone introduced exclusive data only products while continuing focus on user friendly bundle offers. Bundle Revenue and Data Revenue therefore increased by 28% and 7.7% Year-on-Year respectively. With this significant increase in bundle and data revenue, subscription traffic revenue as a whole increased by 6.9%.

Next slide. We continued our value propositions through attractive market offers, supported by continuous investment and deployment of spectrum and 4G network expansion. As a result, amidst macro-economic and regulatory challenges, GP's average megabyte per user grew by 52.1% from last year and 8.4% from last quarter. On the other hand, the overall service ARPU increased by 5.9% in Q3 after 2% growth in last quarter. The growth in service ARPU was driven by higher contribution from bundles, data and voice segment all alike.

Now turning to the bottom-line results. Along with the continuous topline growth, Grameenphone also had continuous EBITDA growth for six straight quarters. With a healthy margin of 62.2%, Grameenphone's EBITDA increased by 5% in the third quarter. Topline growth was primarily responsible for the increase in EBITDA. OPEX for the quarter stood at 12 billion which is a Year-on-Year 9.1% growth. Year-on-Year growth in this OPEX was mainly contributed by higher market spend, regulatory costs, operation maintenance, and energy cost.

Next slide. GP invested 2.8 billion CAPEX during the quarter focusing mainly towards 4G network coverage expansion and spectrum deployment. We rolled out 2,200+ new 4G sites and more than 2,000 new coverage sites in last 12 months. In addition, as of Q3, GP deployed spectrum in more than 18,000 sites. At the end of Q3 the number of 4G sites reached 19,719. During the quarter, 4G pop coverage reached 97.8% which was the 1%-point increase from last year.

Turning to Net Profit. Net Profit for the quarter stood at 9.1 billion with the margin of 23.5%. The Year-on-Year Net Profit growth was led by higher EBITDA and lower modernization cost which were partially offset by higher depreciation due to new site acquisitions and higher finance cost due to currency devaluation.

Next page. The Operating Cashflow –means EBITDA minus CAPEX— for the quarter stood at 21.2 billion reflecting a Year-on-Year 0.2 billion growth, in combination of 1.1 billion higher EBITDA and 0.9 billion higher CAPEX spend. On the other hand, Net Debt stood at 9 billion as of Q3 '22 in combination of 13.8 billion short term bank loan and 4.8 billion cash balance excluding restricted cash.

Now coming to contribution to the National Exchequer. Till September '22 GP has paid 78.5 billion BDT equaling 69.5% of our Total Revenue to the National Exchequer



in the form of taxes, VAT, duties, license, and spectrum assignment fees; and since inception that means GP contributed more than 1,000 billion to the National Exchequer.

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

Yasir Azman: Thank you Mr. Jens. As I mentioned the first nine months of the year has been good in terms of our continued and improving growth momentum; mainly driven by higher usage, strong market execution, and strategic focus on network investment to enhance our customer experience. And at the same time as we discussed and mentioned that we were facing challenges both externally from a macro-economic climate at the same time a regulatory environment which has actually dampened our growth momentum as far as the new subscriber growth concern. However as mentioned earlier with strong teamwork, Grameenphone remains committed to delivering value for our customers and shareholders through continued investment and modernization initiatives that will help us to cater to the constantly evolving connectivity needs of our customer.