Md. Khaled Maruf (Head of Investor Relations): Good morning and welcome everyone to the third quarter 2017 results release of Grameenphone Limited. For the event flow, we will follow the usual format that we have. At the very beginning, CEO will give you the highlights of the business for this quarter followed by CFO looking into the financial aspects of it. At the end, we will have question and answer session. At the beginning of this session, we will take questions from those who are present over here at GP House and after that we will take questions from the online panel that we have arranged. So, with this, I would like to call upon our CEO Mr. Michael to take us through with his part of the presentation.

Michael Patrick Foley (Chief Executive Officer): Thank you Maruf. Dear fellow analysts, Assalamualaikum Wa Rahmatullahu Wa Barakatuhu. I want to welcome you all again to GP House. Most of you have been here many times before. Those of you I could not greet at the door, welcome again. I am going to spend the next few minutes highlighting the quarter, talking a little bit about the issues. Please leave your phones on because that is the sound of money when it rings. So, you can leave your phones on during my presentation. Beat them on, that is what I call. Any opportunity for revenue is important. So, let me take you through the first quarter. Yes, the disclaimers; you know those words. So, let’s leave it there. Now we will go through the highlights. It has been a very interesting third quarter for the company. It was very challenging, operationally. As you know, we experienced rains that we have not had in 35 or 40 years. We have had a disastrous situation in the northern part of the country, in Sylhet, in Rajshahi and from other places like that even to the doors of Dhaka. When much of the country was under water, our infrastructure was resilient enough to manage that situation. Mobile infrastructures are quite resilient but they are not impervious to these kinds of issues and the work that has been done to keep the network up and running was remarkable. I say that to not to tap myself or the team on the back but I must admit that the teams worked together across the whole country. In fact, the severity of rains we have had over the last seventy two hours was probably worse in terms of outages than in the period that we had in Quarter-3. Yet I kept getting pictures of employees from all three operators working together at the electrical supply authority's offices to try and figure what the best thing to do was for the people of the markets that we are serving and that were more severely affected. We are today announcing ten quarters of sequential revenue growth, which is admittedly remarkable and interesting for us and for our shareholders. We added 2.3 million additional subscribers to the organization. I can say that as of today, slightly after the end of the quarter, we have ticked over 64 million subscribers and we have added 2.9 million additional data subscribers in this quarter. And that gets us to 30 million. That is a definition internal to the group, which means you are counted as a subscriber for us after you use 150 KB over the last 90 days. The BTRC definition is much more liberal, where any use gets you to be data subscriber. We only measure those that have had 150 KB of usage over the last 3 months so that they
are not accidentally falling on to the network and being counted. So, it has been a remarkable quarter for the organization. I would say that there continues to be very strong market competition. As you know, the two other guys are getting their stories together. Especially the ones that have gone through a merger but they are still extremely hungry for business. So, we are seeing very high offers. There are generous data offers of 20 Gigabits and very tough small offers like 3 Gigabits for BDT 99/- by some of our competitors. So, they are going after customer acquisition. You know it costs a lot of money to acquire a customer. The costs are in SIM distribution commissions, the taxes to the government etc. So, 400/500 or even 300 BDT per acquisition is not a bad number. If you can get a million of those customers that turn after 30 days or 60 days or 90 days, then you end up spending 300/ 400/ 500 million on acquisition Opex, which basically generates no real long-term value. We try to resist that. In fact, we resist it very effectively because if you have 3/4/5 hundred million spent in Opex. Imagine you put that into Capex and what it means in terms of capacity over the long-term. So, we push back on that and we resist. We have had very good discipline in our commercial teams offering very simple offers that are very simple to understand. For example, offers with 20% bonus. This kind of stuff actually does a lot better than these wild offers where people use a SIM as a disposable object. So, we feel quite strongly about that. The sub-base grew 3.7% over the last quarter and our SIM market share acquisition is actually pretty good. We have maintained our SIM share about 45.3% as of August, 2017. Our growth in usage, as we will see a little later, is healthy and having growth in the voice market, anywhere in the world, is actually remarkable. We have had very significant growth. I will not prepone the numbers. I will let you (Karl Erik) talk about the numbers. However, the growth in voice service continues and we think there continues to be a lot of head room in that area although we cannot give you any forwarding guidance. There are a lot of people in this country that still do not have access to a basic phone or have their own phone number. Revenue growth for me is very important, especially given that we have stable pricing in voice, which is good. Now I will talk about the data subscriber growth again. We have done a lot of promotional packs on Eid but these are all kind of reasonable offers that are not crazy. It means that we are able to maintain the health of our EBITDA, ARPU, AMBPU, and of our average revenue for per Megabyte. The floods were epic and the company decided to take a position going forward being much closer to the population that we serve. I think it is fair to say that we are a big company. We may have been seen as being a little bit of aloof, large and unattainable in a way as well. So, we will continue to seek opportunities to bring ourselves closer to the population that we serve. This was an unfortunate incident, which we had decided to work on. We essentially gave to the Red Crescent a donation for the flood affected people of over a hundred million Taka. This went to water purification, medical support and food relief. This is to understand a couple of things. We know what we are good at; we know what we are not good at. So, we went through a very exhaustive process to find the right partner in this market that we could work with from the governance point of view and could be effective on the ground. So, Red Crescent is our go-to partner for disaster relief. This donation went to 55 thousand families. We are talking about one or two hundred thousand people that were affected by our approach. And we do it in a fairly low-key and local way. So, you will not see pictures of Karl or myself standing out there handing out a bag of rice to some poor old lady who has lost everything, including perhaps, now that it would have had been on TV, her dignity. We do it in very low-key
way. It is the right way to do charity. It is the right way to create an impact in the local communities but also the right thing to do for our employees. So, we send our employees out to do this. We push our philanthropic members of the community to go out and be part of a community. So, you probably will not see me or Karl doing that. We let our people take care of this and get the benefit of their exposure to the communities that they serve. Now there are some really good news. As we have spoken for a number of quarters, the digital side of our business is really becoming very important. And as you know, we have spent many years selling people minutes and 25 years selling megabytes and that is no longer enough. We have to be able to start developing revenue streams that come from other places and to use these tools to develop our own native revenue streams and minutes and megabytes. So, minutes, megabytes, moments; moments that we can create value for consumers where they can act, interact and transact on their environment using our services and our connectivity or not. But also finding ways to monetize these moments are important. So, we have got some really good positive feedback from the market in the last quarter and we won nine awards at the Digital Marketing Awards that was organized by the Bangladesh Brand Forum. This is really cool for us. It is a great plus for the team and we won all three awards in the best app category for MyGp, WowBox and GP Music. So, we are going to continue to focus on this area quite importantly. It is not a lot of capital resources that need to go into this but the impacts are large. That is the model. Not a lot of capital resources are needed to go into this but the potential outcome is large. See what happens with Bioscope and these kinds of products that we have right now, where very little bit of work goes into. These are focused, well-planned, and great way of work with minimum viable product. Get it out there, try it; try it again. This is not likely the Telco model, but rather the ICT model and we are now able to actually develop value out of this for ourselves and for our customers. It creates revenue streams on its own and it creates savings for us in terms of using digital tools to be able to sell and manage our services. And it creates opportunities for brand new independent revenue streams on the current business. Now, the regulatory landscape. And I am just going to do 4G last. I will do the other ones going forward. The tower licensing guidelines are going to be out there shortly. We have had a number of discussions with the regulator. There are still some outstanding issues, which we had issues with. And that would include, for example, the ability for us to buy or to build our own towers. It is something we can work with. We want to be able to have a number of things changed in the guidelines. That process is proceeding fairly well but we still have some issues that we may have to deal with the regulator. On the vast guidelines, that process has actually been one of heavy consultation with the industry. There are few things that we wanted that we got so that we are able to offer our own VAS services and we are able to do that not only through third parties but through ourselves. There are few elements in that one as well that need to be worked on. Let me talk about the SIM taxes on the second part. On the 4G license, there has been an important development since Wednesday. So, what you see on this chart are the guidelines. There was September consultations and then we expressed our concerns again in writing when they were promulgated. There were 23 items on the list of things that we had concerns with that we shared with the ministry. When the State Advisor came into town, he called a meeting last Wednesday. It was to be a 45-minute long meeting. It lasted for two and a half hours where we ran through the 23 items with the State Advisor, with the BTRC and their advisors, and the CEOs of the mobile operators and our advisors. We were able to come to a resolution on pretty much
all of them. There is one left but we think that is going to be sorted out with. That was remarkable. So, there now appears that we will see what happens in writing to be a way forward on 4G. Okay, so, that is new news. We think that is a positive outcome and I think it was a remarkable set of meeting. So, I just wanted to make sure you are informed. What happens now is we next see the final published and then we actually then go to make decisions about that or not. So, I am not telegraphing whether we will go or not. That is up to each operator now but we now have a way forward that makes much more sense than it was before we had this meeting last week assuming that what was agreed on that meeting shows up in the final documents. Now I will talk on the SIM replacement tax. I think the important thing here is that NBR chairman has formed a committee to seek recommendations on how to resolve these issues. We have a very strong position. We believe our position is very defendable. The proportion of SIM replacement, that happened in the historical period, is essentially very similar to the proportion of SIM replacement we have now with biometric verification. So, there does not seem to be any systematic issues in the past than today in terms of the number of SIM that have been preplaced. So, we need to find an outcome of this and we are going to work very hard to deal with that issue to get it resolved one way or another over the next number of months. But I think that is also kind of a piece of the business which we need to handle and get sorted out fairly quickly. And I think I will now move on to introducing Karl Erik. Karl Erik is a 21 year veteran of the company. He joined when he was 12 years old, considering the picture he looks. He is highly experienced, likely the most experienced BU CEO or BU CFO that we have I should say. He has worked in Pakistan and in Hungary. But importantly, he has also worked in DiGi in Asia, which is also a listed company. He has held leadership positions with us in the group in different areas and around the world. So, we are very lucky to have him want to take up the opportunity and the challenge to work in Bangladesh. This is our cornerstone company as you know and is the biggest operation in the group. And I was really very happy to know that he would be my partner here when I came here earlier this year. With that in mind, I will turn it over to you (Karl Erik) and you can start going through the actual financials. We will go to the question and answer round after that. Okay? Good.

*Karl Erik Broten (Chief Financial Officer):* Thank you very much Michael. Thank you for the nice words. First of all, I would like to say that I am very happy to be in Bangladesh. I have been here since first of September and I am deeply honored to be the CFO in one of the biggest and most successful business units we have within the Telenor group. GP was the first investment Telenor did in Asia back in 1997 and it has been extremely successful. So I am both proud and humble to take the challenge as the CFO in such a strong organization like Grameenphone. I am only a part of a very strong management team in GP and I am serving one of the most experienced and one of the most respected CEOs in our industry. So, I am very happy to be here. It has been fifty days, as I count now, since I started. I hope I will be able to go through the numbers in the way that I did seventeen times in DiGi, but there are some details still that I need to get into. However, I think I know the third quarter quite well. As Michael said, we have had ten quarters now of sequential growth both in total revenues and in subscription and traffic revenues. We are delivering a very healthy EBITDA margin of 58.7% in the third quarter. If we look at the last four quarters, we have 12% Capex to sales and we are
delivering also a 5.16 Taka earnings per share. The year on year total revenue growth is 12.8% that is 3.7 billion Taka higher in this quarter compared to the same quarter last year, which is basically 2 billion more in voice. There is 1.7 billion higher revenue in data and then there is a slight decline in interconnect. We still see double digit growth in voice that is 10.3% and we also see that the outgoing minutes are growing almost at the rate of 15%. If you look at the average customer base in the quarter, we have close to 13% more in Quarter-3 this year versus Quarter-3 in last year. If we look at end of period Quarter-3 this year versus last year, it is 16%. So, it is a substantial growth both in number of subscribers and in traditional services. We have 42.2% growth in data revenue. And this is partly because this was driven by both 31% increase in the number of data users and 67.5% growth in the total data volume. For me, at least from what I have seen in overall markets, that is a remarkable monetization of data that we are able to do here in Grameenphone. We also see that the data revenue now contributes 17.8% out of total service revenue. As you see from the slide here, as Michael mentioned, we are ending the period with 30 million active data subscribers. This is according to the Telenor definition, which is a minimum of 150 KB usage within the last 90 days. We added 2.9 million data users in the quarter and we have added 7.1 million if you compare to the same quarter last year. And you see here the data revenue is 17.8% out of the total service revenue that we delivered in Quarter-3. There are more to talk about the KPIs. We are delivering 0.6% growth in the service ARPU, which is very much driven by the data ARPU. Data ARPU is growing at a rate of 8.6%. There is a decline in interconnect but we see good growth in both data and voice. We see an increase in the service average price per minute of 3.8%. There is a fall in the data average price for per Megabyte, which is more coming from because we had a campaign around the Eid festival. There is EBITDA growth from higher revenue and operating efficiency starting with the Opex that we are in Quarter-3. We have an Opex base of 11 billion. It is one billion higher than a year ago. Of course, it is included with a total revenue growth of 12.8%, subs and traffic revenue of 15.3%. A lot of this additional Opex comes from supporting the higher revenues. There are some one-offs as well in the quarter. If we normalize, we have an Opex growth year over year of 9.4%. The reported one is 10.5%. We also have a one-time payment for the flood relief that Michael mentioned, of 100 million to the Red Crescent camp. But I think if we look behind the Opex numbers and see how much of that one billion is related directly to support higher revenues than we are year over year increasing our Opex with 110 million Taka. That is on the back of a network with 646 new coverage sites and 1285 3G sites. Opex to sales, as you see here, is 33.2% versus 33.8% one year ago. So, it is year over year an efficiency improvement. But of course it is important for us to continue to grow not only as part of Grameenphone but also as a part of the Telenor group to show that we become more efficient day by day, quarter by quarter, year over year. So, we are working a lot with operational efficiencies. There is 16.2% growth in EBITDA that is 2.7 billion. And it is of course coming from the higher revenues, 3.7 billion and partly off-set by the higher Opex of 1 billion. And if we normalize the one-offs, we have 16.5% normalized EBITDA growth year over year, which is also in my view, quite remarkable that we are able to deliver quarter by quarter higher EBITDA growth than service revenue growth. First of all it means that we are good at monetizing our services, but it also means that we are underlying our services more efficiently, which of course is extremely important for us. Capex is a bit low at this quarter. As you see, it was the same in Quarter-3 last year. We added 154 2G and 284 3G sites in this quarter. They have 95% of our sites of 3G
enabled. I think you also have to see this in the light of what Michael was highlighting. It has been a challenging quarter, operationally. And as you see from last year, Quarter-3 to Quarter-4, you can assume it is merely a development for us. It is definitely not that we are holding back on Capex. I think we can say that we are covering now 99.48% of the population with 2G, 91.91% of the population with 3G. In Grameenphone, for us, quality over network position will always be extremely important. So, in the light of relatively low Capex number in Quarter-3, this is not because we are holding back. It is definitely not. The normalized earnings growth is 17.7%. We have a normalized NPAT growth of 1.1 billion. As you see here, we have some special items as we had last year, which takes down a little bit of the growth but still very healthy NPAT margin of 21% delivering them 7 billion. But we have workforce reduction cost of one billion on the voluntary retirement scheme that was offered in the third quarter. We also have, due to the weakening of the Taka versus the USD, a foreign exchange loss of close to half a billion. That is the main reason why we see a lower net profit of the growth compared to the EBITDA growth. And then looking at the earnings per share, we can see here the 5.16 Taka per share. Cash flow-wise it is 17.5 billion. This was 14.6 billion a year ago. Coming from the higher EBITDA growth and the lower Capex, we have a slightly higher net debt to EBITDA, which is more because we have paid dividends in this quarter, some higher taxes which have an impact more on the cash balance. So, there is nothing unusual with the level. It is still a very low level if you compare to other Telcos looking at the net debt to EBITDA. So, it is a very healthy balance sheet. That is for sure. To summarize, there was strong performance in a very challenging quarter, healthy data subscriber growth along with revenue, voice growth with price stability and growing revenue generating base and higher revenue and efficiency in Opex contributing to an improved EBITDA and investment to continue for strengthening leadership further. In my previous job in DiGi, I used to give forward looking statements but here I am not allowed to. And most questions would also be forward looking as I was used to and I am not sure how exactly to go through the question and answer session here. Thank you.