Michael Patrick Foley: Assalamualaikum and good morning everybody and welcome to Grameenphone’s Q-3 Result publication and call. We experienced a strong growth and strong financial performance in the third quarter in terms of efficiency and in terms of profitability. Competition intensity has continued. And there have been quite a few new regulatory directives during the time. Implementation of these directives were quite important and we can name a few; for example, a VAT reduction in data and the implementation of a Unified Floor Tariff for on and off net calls. This tariff was not unexpected, something that we had planned for some months. Also, during the quarter, the industry geared up for the implementation of mobile number portability on October 1st. And I would say, let me reiterate that there is intense competition in this market with aggressive offers, particularly on data. The Unified Floor Tariff was put in place in preparation for mobile number portability on the 14th of August and the rate was set at 0.45 paisa on net and off net for all operators. During the quarter, we added 2.2 million additional new subscribers and I will comment on the quality of those subscriptions in a little while. The subscription base in the quarter ended 11.8% higher than it was last year and the quarter over quarter growth was 3.2%. The regulators reported SIM market share stands for us at 45.86% and it has remained steady from the last quarter. We now have 3.8 million at the end of the quarter, 3.8 million 4G subscribers. We closed the quarter at 36.3 million data subscribers, that is over half of our customer base, at 50.9%. That was a 21.3% growth from the 3rd quarter in 2017 and the quarter over quarter growth is a healthy 5.3%. The market dynamics are intense here and that is not new for those of you who follow our business carefully. Competition has intensified with the introduction of the uniformed voice tariff. We have seen aggressive competition in data pricing and the beginning of bundled data offers with price for those who have only a foothold in voice. Remarkably, after a number of years of talk, and a number of quarters of significant work by the regulator and the operators in participation and in cooperation with the security agencies, we moved away from paper registration of our SIMs. This is a very important public stand towards Digital Bangladesh. And so, we no longer have to fill out a subscriber acquisition form, we actually can do this through the thumb print and the verification online in real time of the national ID. This is much more convenient from the customers’ end and actually saves us about 33 Tk. per customer sub acquisition. So, you know, almost 40 Euro Cents. It is really a good story for us and it is a good story for the industry. It is a good story for the integrity of data and it is a good story for Digital Bangladesh. Mobile number portability, that was introduced on the 1st of October and it is early days in this particular exercise, but it does
not have a significant or at all any significant impact on our business. We have actually improved our annualized churn rate and now it stands at the 13.7%, which is unashamedly remarkable for a prepaid market place. And, the Unified Tariff actually helped us increase revenue by 9.6% on voice, year over year, 9.3% quarter over quarter. The outgoing minutes of usage dropped somewhat, but that is now starting to come back up. And we see that that is what we expected. We have changed our portfolio of voice products to some extent. And we have added a number of new packages: 78 Tk. and 113 Tk., a monthly pack for 199 Tk. and a very short duration 9 Tk. scratch card to fill the needs of the market place for sachet sized purchases, which are very popular in markets like Bangladesh. We see a competitive pressure on data pricing, which is not unusual as 4G comes into place, but the VAT reduction on internet from 15% to 5% to encourage data penetration by the government was good for the industry. It improved our revenue about 8 million Tk. per day, recovering another change that happened in the market place in June, if you remember the last report, where the ‘Pay As You Go’ limit was introduced at 5 Tk. per day. Overall, we had a significant data revenue increase of 16.8% data revenue growth year over year and 9.4 over the quarter. So, we have also introduced value propositions in data at 104 Tk. and 38 Tk. and we have had a quarter over quarter healthy growth of users in data of 5.3%, which would be 21.3% year over year. The next item would be that we have reached now at the end of the quarter 3.8 million 4G users. That is a remarkable growth given that at that point we were roughly six months in to the 4G launch and we were still in the middle of our rollout. We have so far rolled out 4745 sites and this is not just rolling out new radio, this is actually RAN modernization at the same time moving us towards a single RAN infrastructure, preparing us for the changes that will come in the future. Interestingly as well, 44% of the subs that we have in our 4G coverage areas, already have 4G SIMs in their devices. So, there is some significant upside and we want to move as many customers over to the 4G network to help off load the 3G network. We have 36.3 million data subs, just over half of our base, as I mentioned earlier. The 4G volume continues to grow and that is as expected. And also, I would say 3G will continue to grow at least into the next year. This is very encouraging and we are comparing both our networks and our operations to support very rapid build of data coming in the future. Our 4G network is already 30% of our total data traffic and that is amazing, given the small number, while we are speaking, of 4G subscribers currently on the network. We have already reached, although we have at the end of this quarter, 3.8 or nearly above 4 million now. We are pushing hard on 4G SIM replacements and we are looking at free replacements in some cases, for our high value customers and business customers, and door to door replacement for our higher value Star customers. And we are going to continue to focus as we have on providing the best possible network experience for our customers and we have not come close yet to finishing our 4G rollout. That will continue till the end of this year and then well into next year as well. Let me speak a few minutes now on the regulatory landscape. The BTRC audit: that final report was accepted by the BTRC in a commission meeting on the 19th of July 2018. We have received the copy from the BTRC on August 26th with a request for us to provide comments.
We shared our comments with the BTRC in two phases on the 6th and on the 19th of September. We have a few other small items that we need to respond to and that will happen over time. The BTRC has not at this point come to a final position. On the audit, we continue to engage with them and we are hopeful that this will come to a good outcome. The tariff circuit on data is a possibility as well. As we spoke earlier, there is a tariff circuit change on voice. We have information from the BTRC and a request from the BTRC to actually provide some input on what we would do on the data tariff. They are looking at a floor and a ceiling price. Our view, quite frankly, is we prefer to have the market determine what the pricing should be. That is the appropriate way, we think, to do things. However, we have provided our views to the BTRC should they decide to establish a floor price and then we will assess how we can operate within that floor price they are after. Mobile number portability, as I said, was launched on the 1st of October 2018 and it has essentially not been a major factor for us at all. We agree that the customer should have the freedom to use their number as they move across and we are continuing to refine the systems. This is only about three weeks into the launch of MNP, but the impact has been quite negligible on our business and it is not something we intend to promote or to encourage, but it is there as a service to customers. Overall, the losses have been negligible for us and we have not promoted this at all. One of our competitors has aggressively promoted MNP at the beginning of the exercise. We have chosen not to do so. This is a service which is extremely complex to implement. There are roughly 30 different players in MNP in Bangladesh. And, when the system has, in fact, stabilized, we may consider doing more, but right now it does not seem to be a good case to spend any money on this. The last item in the regulatory piece is the tower licensing guidelines. Four firms have been selected and have deposited their application fees along with their bank guarantees. We understand that they have until the 20th of October to form the companies and get the licenses awarded. We are not happy with the idea of not having the right to continue to build our own towers but given that we have somewhere between 14 and 15 thousand towers in place by the time this regime comes, it will not have a huge impact upon us. We will, however, look for one or more of these companies to continue to build the towers for us and to seek sharing opportunities that we may avail ourselves in the future. But the tower company business for us as an operator is something that we would have preferred very much to have a place in this market. And we hope that the regulator will ensure that this is a competitive market place and not quasi-monopoly or duopoly. And let me speak finally on our commitment to sustainable development. Our flagship program is “Be Smart Use Heart” and it is a program that is used to sensitize children, teachers and parents on the safe use of the internet. We think this is a responsible extension of our business. and we have, this year, an extremely ambitious program to meet 400,000 school children face to face and give them some training on safe use of internet. Also, we will be meeting 50,000 teachers and parents. This is an issue that we take quite seriously. I think we have already done, the slide says, by the beginning of October, 175,000. We are now past 300,000 children that we have met. So, we are hopeful that we are actually going to beat our target. We have a very fundamental role
in the economy and the society of Bangladesh. And we take it very seriously. It is part of our social license to operate and we will continue to play our role as a responsible player in society. With that, I think I will pass it on to the meat of the presentation, which will be Karl Erik Broten, our CFO, who will now talk about the financial side of this report.

Karl Erik Broten: Thank you Michael, and good morning everyone. I hope the sound quality is good. I will try to speak up so that everyone can hear. As Michael mentioned in the introduction here, it definitely was a quarter with a lot of changes in regulatory environment and also there was quite intense competition, especially on data. But nevertheless, it is a pleasure to report a significantly stronger financial performance in the 3rd quarter with increased growth, efficiency improvement and strong margins. We are reporting 7.6% growth in subscription and traffic revenues. And as we have been informing earlier, at the beginning of this year we made a change in the way we are accounting for content revenue. So, on a net to net basis, we have 9.1% growth in subscription and traffic revenues for the 3rd quarter, which is a significant improvement from Q-2. We are reporting a very strong EBITDA margin of 61.9%. As you will see from later in the presentation, there are some one-off items. So, on a normalized basis, this will be lower. But on a reported basis, this is 3.2% margin improvement year over year. For the last four quarters, we have a Capex/Sales of 13.5%. So, we have been investing more and as Michael was pointing out, we are rolling out 4G. We are also extending our 2G and 3G footprints and doing capacity enhancements into the network to secure the best network in Bangladesh. Earnings per share is 6.58. If we normalize for one-off items, IFRS 15 adjustments, the underlying improvement is 17%. But on a reported basis, we have 27.6% growth in the earnings per share in this quarter compared to the same quarter last year. Moving on to the revenues, we have, on a reported basis, an increase in total revenues of 1.1 billion, which is a growth of 3.4% year over year. But again, if we normalize for changes in the accounting treatment and on total revenues, this also relates to how we account for devices. We have a growth of 2 billion or 6.1%, of course, driven by the strong growth that we have on subscription and traffic revenues of 9.1%, and the strong growth especially on the voice revenue side of 9.6%. We have somewhat lower Value Added Services and device revenues due to the accounting changes and also we have seen some reduction in the interconnect revenues due to the unified floor price. So, now the unified floor price is 45 paisa and the off net prices have gone down. We see that we have a reduction in the outgoing minutes of usage and we have offset by 7.1% growth in voice average price per minute. We have, what Michael was mentioning, an increase on our customer base of 2.2 million, which is a 12.1% increase in the base. Moving to data: we have 21.3% increase in our data subscribers. Michael mentioned, we have 36.3 million active internet users now, which is more than half of our customer base. We have a volume growth of 84.8% year over year. [I think I have to use the mike in order for everyone to hear what I am saying]. The data revenue growth is 16.8%. It, of course, is driven by the growth in data volumes, but partly off-set by reduction
in the average price per megabyte of 36.8%. We see that the most difficult competitive landscape is focusing a lot on data uptake 4G subscribers and also continued rise in 3G. Moving to ARPU: we have a decline of 5.4% in the service ARPU year over year and 3.7% decline on the data ARPU coming from the increased competition. On the overall service ARPU, the decline is coming from voice if you look at year over year compared to the improvement versus Q-2. And the lower voice ARPU is driven by 8.7% fall in the outgoing minutes per user partly off-set by the 7.1% increase in the voice Average Price Per Minute. We have lower interconnect ARPU due to lower incoming minutes and the revised interconnect rates. We have 3.7% de-growth in data ARPU, which is mainly driven by the 36.8% reduction in Average Price Per Megabyte partly off-set by the higher 62.4% average megabyte per user. So, we have an average megabyte per user now, which is of 1 gigabyte; it is more than 1.1 gigabyte. And quarter over quarter Average Price Per Megabyte erosion is 10.8% due to the competitive situation. [Is the voice still too low because then we need to do something]. Then I am moving over to the margin side. We have a very strong EBITDA uplift of 1.7 billion when we normalized our one-off items in Q-3 this year and Q-3 last year. Looking at the right side of the presentation, you can see the Opex development. We have, on reported basis, an increase year over year of 2.2%. but if we normalize for one-off items in this quarter and the same quarter last year, the normalized Opex growth is 5%. And the increase in Opex is mainly driven by the higher marketing activities from hosting 4G, higher rent and energy cost coming from almost 1700 newest site additions compared to last year and higher regulatory cost driven by the higher revenues. Year over year, normalized EBITDA growth is 1.4 billion. And normalized EBITDA margin is 60.9%, which is 2.2% margin improvement driven by the higher revenues and also a gross profit of at least 1.95 billion partly off-set by the higher Opex of half a billion. Moving to the investments; we have, of course, been investing more now that we have 4G compared to 3rd quarter last year. So, we invested 4.6 billion into both 2G and 3G and 4G sites. As Michael mentioned, at the end of the quarter we had close to 5000 4G sites, and in 2G and 3G, we have a population coverage respectively on 99.53% and 94.54%. Now I am moving to the earnings. As the headline is saying, normalized earnings growth is of 17%. But on a reported basis, we have 27.6% increase in earnings per share. There was an uplift of 1.4 billion and, of course, the normalization is coming from the one-off items. But also, from the fact that we have been reporting both according to IAS 18 and IFRS 15. So, on an IFRS 15 adjustment, and one-off items, there is 17% increase in the earnings. And the same of course is on the net profit after tax. We have a good increase year over year. It is somewhat lower than Q-2, mainly due to the tax reversal that we reported in Q-2 that gave both higher net profit after tax and a higher earnings per share. That was a good increase on year over year. This is the last slide on the financials. We have the Operational Cash Flow (OCF) and the Operational Cash Flow ratio to Sales, and the net debt to EBITDA. We see somewhat lower Operational Cash Flow (OCF) in Q-3 this year compared to last year because we have been investing more. So, Capex is higher in Q-3, but we have a very strong Operational Cash Flow ratio of 48.3%. And on net debt to EBITDA, there is an increase from Q-2 due to the dividend payments we did
in the interim dividend 2018. There was a good uplift from Q-3 last year. So, to summarize, in Q-3 from a financial and business performance point of view, we have a strong business performance, undoubtedly the strongest quarter this year. There was strong EBITDA margins and strong growth in normalized EBITDA. We are, as Michael was pointing out, acquiring quality subscribers increasing the number of customers with 2.2 million in the quarter. We are focusing in keeping our network superiority and to have the best network in Bangladesh and also to earn the recognition from the Ookla of having the fastest network in Bangladesh. And that will be our focus going forward.