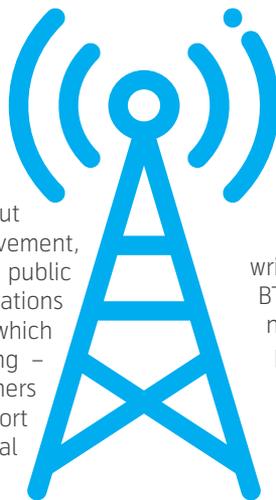


# Quarterly Business Highlights 2020

**Q1** Grameenphone reported a reduced growth momentum in the first quarter mainly due to an increasingly challenging regulatory environment. The number series scarcity and the lengthy process of recycling numbers led to lower gross adds, resulting in an overall negative net add in the subscriber base.

- Our network rollout continued to be hampered due to restrictions imposed by the regulator, nonetheless, we reached over 10,200 4G sites. We also successfully drove 4G conversion, reaching 14.2 Mn 4G customers at the end of the quarter, contributing to more than 50% of total data volume. At the direction of the Hon'ble Appellate Division, Grameenphone made an adjustable deposit of BDT 10 Bn, after which the injunction was passed, and the regulator was directed not to hinder Grameenphone's operations.
- We focused on a revenue drive by launching ambitious packs which reached the promised uptake. We revised the validity of our existing rate cutters and popular minute packs which resulted in incremental revenue increases. A recharge-based handset campaign was also launched which received a positive response from both retailers and customers, increasing our daily hits on rate cutters. Large internet packs were launched on Flexiplan while our trigger portfolio was launched through MFS channels, further, combo packs were launched through self-service channels.
- As a means to delight customers and enrich their digital life and internet experience, the ATL data packs were revamped, including new data pack offers with increased volumes and new combo packs. We engaged successfully in converting customers to adapt to self-service channels through various BTL campaigns. We witnessed growth of usage and revenue from self-service channels by providing bonus on monthly packs, churn back and follow up offers.
- In Bangladesh the first few cases of Covid-19 were detected in March, with a rapid increase in the number of cases and deaths in the following weeks. Educational institutes were declared closed on 16<sup>th</sup> March, while the government announced general holidays from 26<sup>th</sup> March. The general holidays brought about many challenges such as restrictions on movement, lockdowns, closure of commercial areas, and public places, among others. However, telecommunications services were declared an essential service, which prompted us to keep our operations running – providing connectivity to our valued customers during a national crisis, with immense support from law enforcement, stakeholders, and local communities.



**Q2** The severe impact from Covid-19 during the second quarter resulted in Grameenphone reporting a year-over-year revenue degrowth for the first time in at least 6 years. The general holidays caused an overall slowdown of the economy with the most negative impact witnessed in April. We started to see gradual recovery as the holidays were lifted at the end of May.

- There were strict measures taken by the authorities to prevent the spread of Covid-19, including restrictions on movement through geographical lockdowns, as well as the continued closure of educational institutes, businesses, and other commercial sectors. We continued our operations in the face of these restrictions with the help of a very strong business contingency plan. Under the guidance of management and functional leaders, we successfully identified, quantified, and mitigated possible risks related to Covid which extensively covered the health and safety of our employees, customers, partners and the value chain, as well as counter measures to the impact on our business.
- From the end of the previous quarter, the regulator started approving our NOCs which enabled us to resume our network rollout and expansion. Over the past few years, we have invested in building a sustainable network, which helped us recover from the extensive destruction caused by Cyclone Amphan, the largest recorded storm over the Bay of Bengal. The destruction left by Amphan was massive, resulting in prolonged floods, power and network outage and extensive damage to infrastructure.
- After experiencing low GA due to the number series scarcity from the previous quarter, we regained our subscriber acquisition position in the second quarter. We launched our very first service bundling offer of Grameenphone prepaid with Bioscope. Driven by the pandemic and lockdown, we witnessed a significant growth in adaptation to digital reload options by our customers. Grameenphone launched VoLTE (Voice over LTE) in June, which provided customers with High Definition quality over voice calls and faster call setup time over the 4G network.
- The supplementary duty on telecom services was increased from 10% to 15% in the finance budget announcement for the year, effective from June. In June the regulator issued SMP directives on Grameenphone, imposing asymmetric MNP lock-in periods, asymmetric approval processes for products, and asymmetric interconnection charges, which were made effective from July. Grameenphone wrote to BTRC requesting to review these directives to which the regulator did not respond; subsequently Grameenphone filed a writ petition. In July Grameenphone sent a letter to BTRC questioning the rationale of the directives, but nonetheless complying under protest and without prejudice to its rights under law. Grameenphone also deposited the second adjustable deposit of BDT 10 Bn relating to the injunction. No further hearing took place on either of the cases due to the limited operations of the Courts due to Covid-19.

**Q3** As the economic activities gradually resumed, Grameenphone witnessed a recovering topline following the initial months of the Covid-19 pandemic. In addition to the adverse impact from Covid-19, there were additional challenges in the third quarter from adverse weather conditions due to rainfall and floods.

- During this quarter businesses and the overall economic activities began to resume towards normal operations, which also led to increased movement of people beyond their homes. The number of Covid-19 cases started to gradually decline with no new restrictions since May. Protective measures were placed in most public areas, and from September many businesses resumed normal operations while government offices also started operations.
- Our network rollout continued into the third quarter as we added 1,070 sites to our 4G/LTE network. Through market execution, revamp of our data portfolio and an emphasis on 4G conversion we gained 2.6 Mn new 4G users, reaching 17.8 Mn active 4G data users at the end of the quarter. After obtaining approval for recycled numbers, we focused on GA, providing channel-specific offers and real-time activation commissions. We extended the recharge validity for subscribers and introduced pre- to post-migration from the MyGP app. We launched new voice triggers which contributed heavily towards our revenue and offered additional value with ATL packs to ensure retention of infrequent subscribers. We drove rental revenue from alternative channels which in turn led to increased daily revenues.
- Due to Covid-19, heavy emphasis was put on the self-service segment, with BTL campaign making a positive impact in converting customer purchases. We revamped the ATL portfolio in phases and made them more competitive by offering better value for money. We added new data packs over the ATL channel, launching exclusive packs for MyGP users to create value for customers.
- We engaged in meaningful consultations and dialogue with our regulators and authorities on all matters, leading to significant development such as the approval of the proposed agreement between Grameenphone and Towerco. This enabled Grameenphone to roll out new sites under the Towerco framework, significantly enhancing our network and enabling us to provide an even better experience to our customers throughout the country.



**Q4** We wrapped 2020, which proved to be an exceptional year, with a slower than expected economic recovery from the pandemic. Despite unconventional challenges, a solid operational performance by our teams led us to a stronger foundation as we enter 2021. Utilising our strength in market execution, we drove acquisition, resulting in a higher net add of subscribers in the quarter.

- By the end of the year, the number of Covid-19 related cases and deaths had declined significantly, with no further foreseeable lockdowns. The educational sector, which remained closed since March, is slowly gearing up to reopen while vaccination arrangements have started. Faced by this pandemic, Grameenphone has adapted several contingency and new ways of work, prioritising health and safety of employees, partners, and customers. The sales and distribution value chain remained unaffected as an outcome of our combined efforts.
- We drove our data business by launching various campaigns and revamping our product portfolio, focusing on monthly and weekly packages with attractive contextual offers to customers, with a view to increase monthly subscribers. We also focused on churn management and new data subscribers to ensure quality subscribers through various campaigns on attractive products. Our drive on 4G conversion led us to 19.8 Mn 4G users at the end of the year.
- We teamed up with MFS partners, launching 100% cash campaign on trigger offers, which increased customer engagement. We also launched exclusive voice packs for MFS and MyGP, while revamping overall portfolios on Flexiplan. We are continuously working on simplifying the customer journey, providing real-time notifications for customers' convenience as well as service bundling with popular apps with free and discounted packs.
- A service level agreement was signed with Edotco following regulatory approval, which will fast track the acquisition of new towers. This partnership extends our commitment to ensure access to data and voice across the country with an increased number of towers. BTRC and PTD proposed to form a 7-member committee to deal with the recovery of the BTRC's audit claim, requesting Grameenphone to nominate two persons. Grameenphone responded asking for clarifications with regards to the terms of reference and decision process of this committee. Grameenphone and BTRC are in continuing dialogue on this matter over multiple engagements.