A solid performance to start 2017

Grameenphone started the year with a solid performance; double digit total revenue growth of 11.1% (YoY) and subscription and traffic revenue (excluding interconnection) growth of 13.5% (YoY). Data revenue grew by 64.9% (YoY). Voice revenue growth momentum improved to 7.1% (YoY) with healthy growth in minutes of usage. Higher revenue and operating efficiency contributed to higher EBITDA and improved margin of 2.8 percentage points. Earnings per share for the quarter was BDT4.86.

Scorecard

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<table>
<thead>
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<tbody>
<tr>
<td>Revenue Growth (YoY)</td>
<td>11.1%</td>
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<tr>
<td>Opex to Sales</td>
<td>32.8%</td>
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<tr>
<td>EBITDA Margin (boi)</td>
<td>58.1%</td>
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<tr>
<td>Capex to Sales</td>
<td>13.9%</td>
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<tr>
<td>OCF Margin</td>
<td>43.4%</td>
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<tr>
<td>EPS (BDT)</td>
<td>4.86</td>
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Industry subscriber acquisition gained momentum

After the major correction that took place during August 2016, post biometric verification, industry subscriber acquisition gained momentum. Industry active subscriber based increased by 12 Mn, posting 10.2% growth during last 6 months. Also during first two months of Quarter 1, industry subscriber base increased by 3.2%.

The market continued with its intensity around subscriber acquisition. New acquisition offers tagged with lucrative data volumes, standalone data offers with different volume & validity and churn back offers.

On a yearly basis industry subscriber base remains flat with marginal decline of 1%. SIM penetration is estimated at 75%. However, the real penetration is estimated to remain same at approximately 51%.

Industry sub base (Mn)

Grameenphone: Sequential 8 quarters of revenue growth with stable SIM market share

Revenue & Subscriber

Grameenphone registered BDT 30.6 Bn revenues for the 1st quarter of 2017. With this, the company delivered sequential 8 quarters of revenue growth. Subscription and traffic revenue (excluding interconnection) grew by 13.5% (YoY), with significant contribution from data.

Data revenue grew by 64.9% (YoY), driven by 27% increase in data user and 104% growth in data volume. Data revenue contributed to 15.9% of service revenue for the quarter. Voice revenue growth improved to 7.1% (YoY) against 19.5% growth in outgoing minutes of usage. Improving daily revenue generating base both in voice and data along with stable voice price and improved data price is driving this growth. Interconnection revenue declined by 13% (YoY) during the period.

Quarter end active subscriber base was 59.9 Mn, a 3.3% growth from last quarter. SIM market share was stable at 45.7% at the end of February 2017 amidst competitive offers surrounding acquisition. Data subscriber base stood at 25.2 Mn with 0.7 Mn addition during the quarter. With this, 42.2% of total subscribers are using Grameenphone internet services.

For any query please contact: [http://www.grameenphone.com/about/investor-relations](http://www.grameenphone.com/about/investor-relations) *Other operator sub-base till February 2017 is published*
Higher revenue and operating efficiency contributing to improved EBITDA & NPAT

Service ARPU, AMPU, APPM and AMBPU
Service ARPU increased by 6.0% (YoY) while AMPU increased by 5.2% (YoY). Service APPM increased marginally by 0.7% (YoY). On the data segment, ARPU grew by 29.7% (YoY) to BDT 61. AMPU increased by 60.8% (YoY) and stood at 621 megabytes. During the period, data monetization improved from last quarter due to optimization of free and discounted data volume.

Higher revenue and operating efficiency driving higher EBITDA
Operating expenditure for the quarter was BDT 10.1 Bn, a 2.6% growth from last year. Higher opex resulted out of revenue driven expenses, higher acquisition and network expansion. This was partly offset by optimized market spending, efficient network operations and benefits from IT infrastructure transformation. Despite the marginal increase, operating expenditure margin was 32.8% with 2.7 percentage points improvement from the same period of 2016.

EBITDA (before other items) grew by BDT 2.5 Bn, driven by higher revenue of BDT 3.1 Bn and higher opex of BDT 0.3 Bn. EBITDA grew by 16.7% (YoY) against the revenue growth of 11.1%. EBITDA margin for the quarter improved to 58.1%.

Grameenphone invested BDT 4.5 Bn (CAPEX excluding spectrum fees) mainly for expansion of 3G as well as 2G coverage and capacity enhancement for catering higher volume of voice. This has taken the Capex to sales ratio to 13.9%, considering moving average of last 4 quarters. During the period, 238 2G and 776 3G sites were added in the network. 93% of company’s total sites are now 3G enabled; YTD total number of 2G and 3G sites now stands at 12,222 and 11,332. Ongoing network investment has strengthened GP’s no 1 network position.

Cash flow and profitability
Operating cash flow (EBITDA minus Capex) for the quarter stood at BDT 13.3 Bn with margin of 43.4%. Operating cash flow as well the margin improved due to higher capex in 2016 as well as improved EBITDA in 2017.

Net profit after tax for the quarter was BDT 6.6 Bn with profitability margin of 21.4%. NPAT increased by 16.9% (YoY) despite BDT 161Mn write-off for an IT system and foreign exchange loss of BDT 414 Mn. Earnings per share was BDT 4.86 for the quarter.

Balance Sheet & Debt
Total assets at the end of quarter stood at BDT 138.6 Bn. Net debt to EBITDA (12 months rolling) stands at 0.11 and net debt to equity ratio to 0.19.

Regulatory Highlights

4G license, technology neutrality & spectrum
Technology neutrality is required to ensure efficient spectrum usage for the telecom operator of the country. Allocation of affordable spectrum is a prerequisite of better quality of services for the 130 million subscribers. Based on media reports, the proposed 4G licensing conditions differ from 3G licensing.

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