



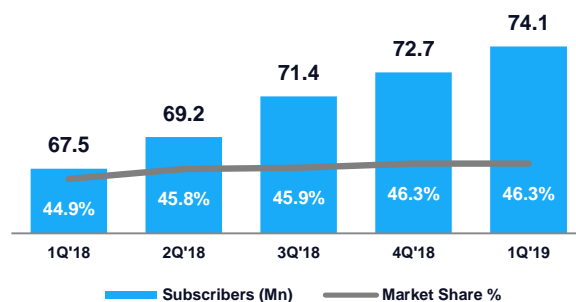
**Grameenphone Ltd.: C-31531(652)/96**  
**1<sup>st</sup> Quarter 2019 Business Highlights**

**Healthy topline growth in a challenging business environment**

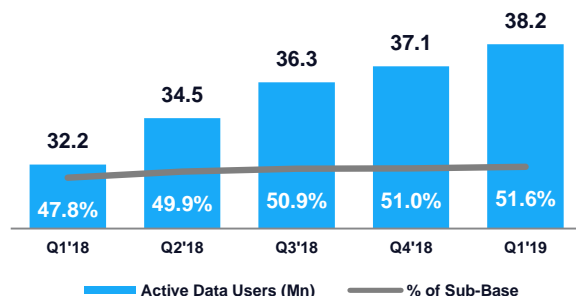
**Grameenphone Ltd. (GP) reported 11.6% (YoY) total revenue growth and 14.2% (YoY) subscription & traffic revenue (excluding interconnection) growth. Data revenue grew by 18.9% (YoY) and voice revenue growth continued with 15.1% (YoY) for the period. Total subscriber increased by 6.7 Mn along with 0.6 Mn growth in data users. YoY normalized EBITDA uplift of BDT 2.8 Bn driven by higher gross profit. NPAT for the quarter was BDT 8.9 Bn with impact from one-offs. Higher operating cash flow of BDT 2.9 Bn as a result of higher EBITDA and higher capex**

BDT Million	1Q 2019	4Q 2018	Q-Q	Y-Y
Subscription & Traffic Revenue	32,733	32,433	0.9%	14.2%
Service Revenue*	34,346	34,060	0.8%	11.6%
Total Revenue	34,862	34,702	0.5%	11.3%
Gross Profit	32,915	32,666	0.8%	11.2%
Opex	11,779	11,040	6.7%	4.2%
Opex Margin	33.8%	31.8%	2.0pp	-2.3pp
EBITDA**	21,136	21,621	-2.2%	15.2%
EBITDA Margin	60.6%	62.2%	-1.6pp	2.0pp
Profit After Tax	9,260	11,521	-19.6%	33.8%
Capex	4,146	3,922	5.7%	8.4%
Ops Cash Flow***	16,978	17,698	-4.1%	16%
OCF Margin	48.7%	50.9%	-2.2pp	3.5pp
EPS (BDT)	6.61	6.72	-0.1pp	1.87pp

Grameenphone Ltd. gained 1.3 Mn subscribers in the first quarter, ending with 74.1 Mn, experiencing an 9.8% growth in sub-base from the same period last year. SIM market share remained steady at 46.3%. We continued to acquire quality subscriber with a 19.2% churn rate at the end of the quarter.



We launched 278TK 500 Min monthly pack, and along with our 199TK 350 Min monthly pack, we continued to see traction in our voice revenue. 15.1% YoY voice revenue growth as a combination of higher minutes of use and growth in subscribers.



Number of data subscribers increased by 5.9 million to 38.2 Mn, leading to a 18.4% growth from the same period last year and a 3.0% growth from last quarter. APPMB dropped from last quarter to 0.04 while data ARPU declined by 5.2%.

We provided new sim data offers to customers, leading to an uptake in 4G users, reaching 6.8 million during this quarter. 27% of our daily traffic is carried over the 4G network. 58% of 4G devices in our 4G coverage area are using 4G sims.

\*Includes interconnection \*\*Before other items \*\*\*EBITDA minus CAPEX

Grameenphone experienced a strong financial performance in the first quarter of 2019. There were a number of regulatory interventions in this quarter, most notably the demand for BTRC Audit and SMP. The regulator also introduced two new regulations on data, capping PayGo at BDT 5 and restricting the validity of internet packs to a minimum of 3 days.

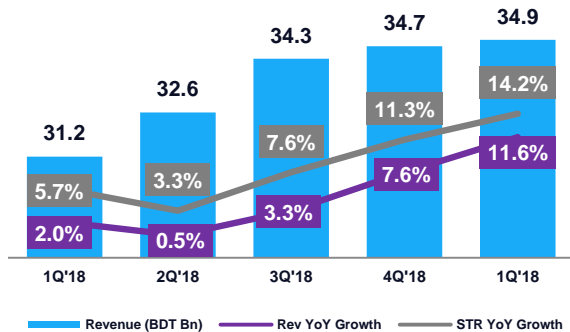
We experienced the same amount of market aggression on competition this quarter. The industry acquired 9.5 Million new subscribers, growing 6.3% from last year. Real sim penetration in the country stands at 58.3% at the end of March 2019, while internet penetration stands at 50%.



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**Financial Updates: Healthy topline growth with strong margins**

For the first quarter of 2019, Grameenphone reported revenues of BDT 34.9 Bn, a 11.6% growth from the same period last year. Subscription and traffic revenue excluding interconnection grew by 4.5 Bn, driven by growth in voice revenue of 3.1 Bn. STR grew by 14.2% YoY.



Voice ARPU grew by 0.4% while APPM grew by 26.1%. There was a 23.7% fall in interconnect revenue. Total Minutes of Use grew by 3.6% from last quarter.

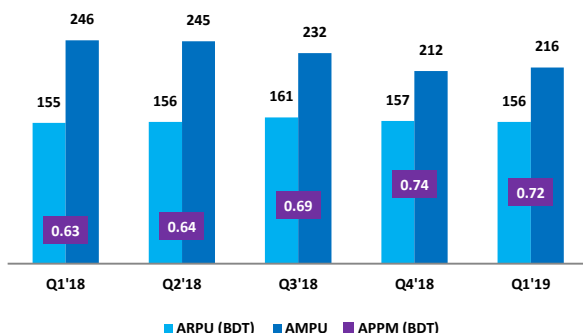
Data revenue grew by 18.9% from last year. Data ARPU YoY remained stable at BDT 60 as a combination of 64.1% increase in AMBPU and 38.8% decrease in APPMB. 2GB @ BDT44 continues to be the hero data pack, contributing to 23% of total data revenue.

**Service ARPU, AMPU, APPM and AMBPU**

Service ARPU increased by 0.8% (YoY) driven by higher contribution from voice and data, partly offset by lower contribution from interconnect.

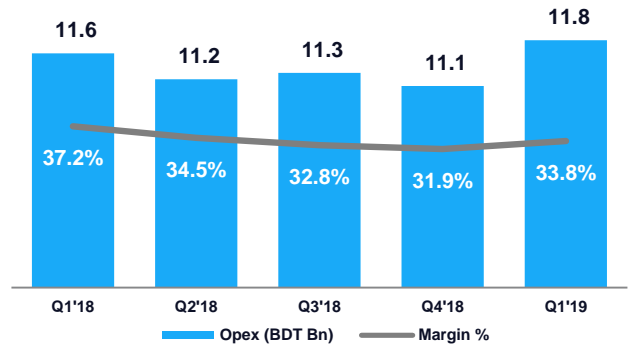
Voice ARPU grew by 0.4% while APPM grew by 26.1%. There was a 23.7% fall in interconnect revenue. Total Minutes of Use grew by 3.6% from last quarter.

Data revenue declined by 2.3% QoQ. Data ARPU QoQ declined by 5.2% while AMBPU grew by 17.6%. We also reached the highest ever data consumed in one day, 2 Petabyte, this quarter.

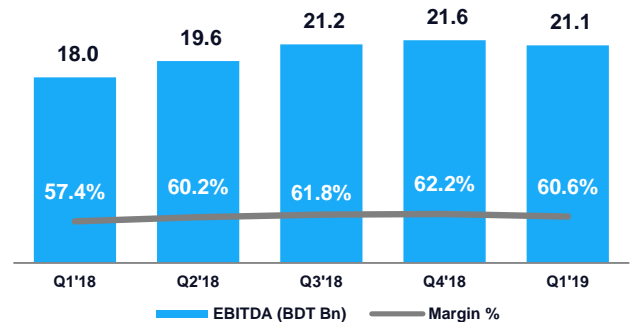


**BDT 2.8 Bn normalized EBITDA uplift with strong margins**

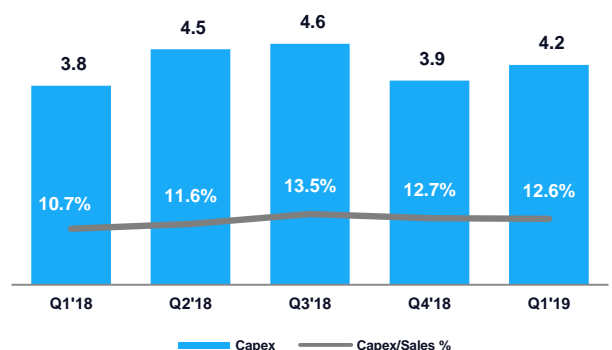
In the fourth quarter opex marginally increased by 1.3% from last year to BDT 11.8 Bn. We will continue our focus on opex efficiency. Gross profit grew by 3.3 billion, driven by the uplift from both voice and data revenue, partially offset by lower contribution from interconnection.



EBITDA grew by BDT 3.1Bn from last year driven by higher revenue. Normalized EBITDA growth was 15.2% with 2.0pp improvement in EBITDA margin.

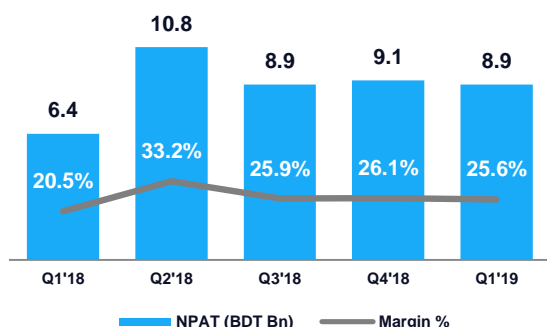


In the first quarter of 2019 Grameenphone invested BDT 4.2 Bn in the rollout of 2G, 3G and LTE sites, and network & IT modernization for future business. Capex to sales ratio was 12.6%. During the quarter, we added 210 2G, 406 3G and 926 4G sites. YTD total number of sites stands at 15,939 with 5935 4G sites.

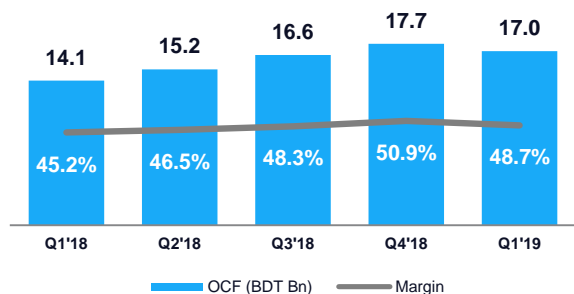




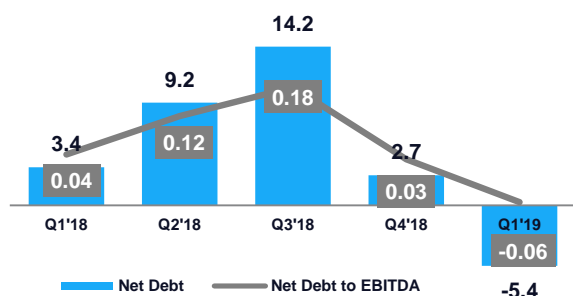
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Operating cash flow (EBITDA minus Capex) for the quarter stood at BDT 17 Bn with margin of 48.7%. Cash flow of 2.8 Bn resulted from higher capex and higher EBITDA.



Grameenphone's assets at the end of the quarter stands at 155.8 Bn. Net debt to EBITDA stands at -0.06.



### IFRS 16 Impact:

Scopes included contracts for BTS site rentals, site sharing, Outlets and office spaces, house rents, spectrums, Telecom license fees, Fibre optic network leases etc. Effective from 1<sup>st</sup> January 2019 using the modified retrospective approach. Opening balance impact on 1<sup>st</sup> January 2019: Rights of Use Assets BDT 61.7 Bn, out of which BDT 50.5 Bn is from reclassification. Increase in lease liability of BDT 11.6 Bn. P&L Impact in Q1'19: Reduction in Opex of BDT 817.6 Mn and increase in depreciation of BDT 590.2 Mn and increase in Finance cost of BDT 280.0 Mn. Balance as of 31<sup>st</sup> March 2019: Right of Use assets BDT 59.9 Bn and Lease liability BDT 19.9 Bn

BDT Million	IFRS 16	IAS 17	Delta
Revenue	34,862	34,862	0
Opex	(13,430)	(14,247)	(818)
EBITDA	21,433	20,615	(818)
EBITDA Margin	61.5%	59.1%	-2.3pp
Depreciation	(5,747)	590	(5,157)
Net Finance Cost	(532)	280	(252)
Profit Before Tax	15,057	15,110	53
Profit After Tax	8,926	8,958	32
Operating CF	15,278	14,892	(387)
Financing CF	(1,383)	(1,022)	361

### Regulatory Updates:

#### BTRC Audit

Despite several rounds of consultations with BTRC and the auditors, our observations regarding the audit were ignored, especially post February 2018. On 2 Apr'19, BTRC sent a demand of BDT 125.79 Bn payable within 10 working days from date of issuance of demand. BDT 84.94 Bn (Principle 22.99 Bn + Interest 61.94 Bn) was claimed by BTRC and BDT 40.86 Bn was claimed on behalf of NBR. After assessments, GP considers the demand unfounded and without any legal basis and accordingly on 16 Apr'19, GP responded to BTRC requesting it to withdraw the claims and to enter into discussions with a view to find an amicable resolution. GP is now observing BTRC's step in view of the response provided.

#### SMP Regulations

On 10 Feb'19 BTRC declared GP as SMP and subsequently issued 2 directives stating certain prohibitions towards GP on 18 Feb'19. On 25 Feb'19, GP filed a writ petition challenging the above directives. Hon'ble High Court issued show cause to respondents (including BTRC) and allowed GP to advertise. On 19 Mar'19, BTRC withdrew and cancelled the 2 directives issued on 18 Feb'19 and asked GP's for feedback on 20 areas as cited for further directives. On 31 Mar'19, GP responded to BTRC and denied to make any comment on 20 areas as the Letter did not contain any proposed directives and no reason for issuing directives was given.

#### QoS Reporting by Regulator

On 18 Feb'19 BTRC published the QoS Drive test report in media without considering Industry observations regarding the drive test methodology. GP along with the Industry rejected the report. On 3 Apr'19, BTRC has published QoS bench marking report for 4 division (Barishal, Khulna, Rajshahi & Rangpur). Call drop in GP network in all the 4 divisions are within KPI threshold. The industry and GP is still concerned about the non-aligned drive test modalities.