



Grameenphone Ltd.: C-31531(652)/96 2nd Quarter 2019 Business Highlights

Healthy topline growth in a challenging business environment

Grameenphone Ltd. (GP) reported 10.6% (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	2Q 2019	1Q 2019	Q-Q	Y-Y
Subscription & Traffic Revenue	33,879	32,733	3.5%	13.4%
Service Revenue*	35,559	34,346	3.5%	11.2%
Total Revenue	36,038	34,862	3.4%	10.6%
Operating Profit	17,629	15,542	11.0%	25.0%
Opex	11,823	11,923	-1.0%	4%
Opex Margin	32.8%	34.2%	-1.3pp	-2.1pp
EBITDA**	22,109	21,807	6.0%	19.0%
EBITDA Margin	61.4%	60.2%	1.2pp	1.7pp
Profit After Tax	9,589	8,528	12.0%	-9.0%
Capex	3,770	4,146	-9.1%	-15.8%
Ops Cash Flow***	16,978	16,978	-4.1%	16%
OCF Margin	46%	48.7%	-2.2pp	3.5pp
EPS (BDT)	7.07	6.29	-0.63pp	0.78pp

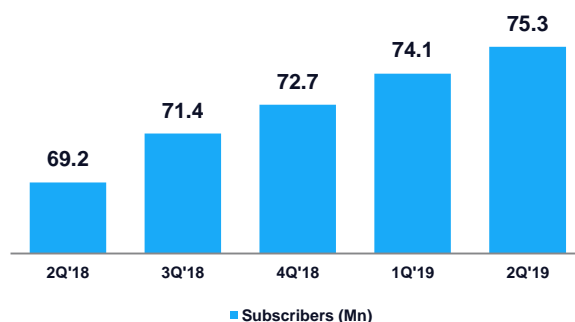
*Includes interconnection **Before other items ***EBITDA minus CAPEX

Grameenphone experienced a strong business performance in the second quarter of 2019. There were notable regulatory interventions in this quarter along with impact from the Finance Act.

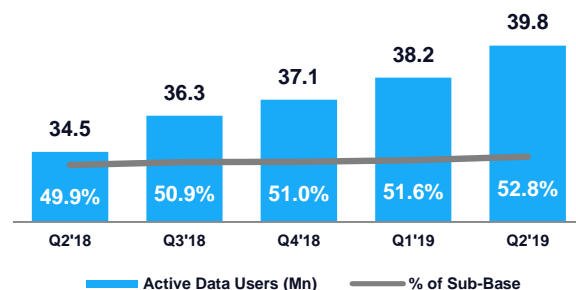
Supplementary duty was changed from 5% to 10%, increasing the cost of using mobile telecom services to customers. SIM tax has been revised to BDT 200 from BDT 100, with effect from 1 July 2019. The customs duty on smartphones has also been increased from 10% to 25%, posing as a negative impact on the penetration of smartphones in the country.

Grameenphone gained 1.3 million new customers in the second quarter, ending the period with 75.3 million subscribers and 8.9% growth from the same period last year.

We continued to acquire quality subscriber with a 16.2% churn rate at the end of the quarter. We increased our GA offer from BDT 9 to BDT 17 for better data monetization. We also provided higher monthly rental packs to secure higher ARPU.



We revised prices on Flexiplan and introduced 3 day packs. We also modified major voice triggers to implement new SD. We experienced a 14.8% YoY growth in voice revenue driven by growth in usage and subscribers.



The number of data subscribers increased by 5.2 million to 39.7 Mn, leading to a 15.2% growth from the same period last year and a 4.1% growth from last quarter.

APPMB remained steady compared to last quarter at 0.04 while data ARPU grew by 0.4% during the quarter and 2.4% from the same period last year.

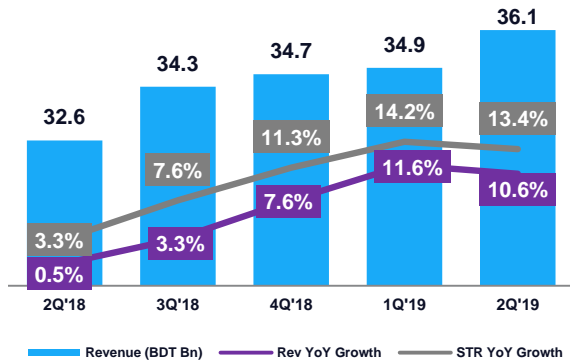
34% of our daily national traffic is carried over the 4G network. 62% of 4G devices in our 4G coverage area are using 4G sims.



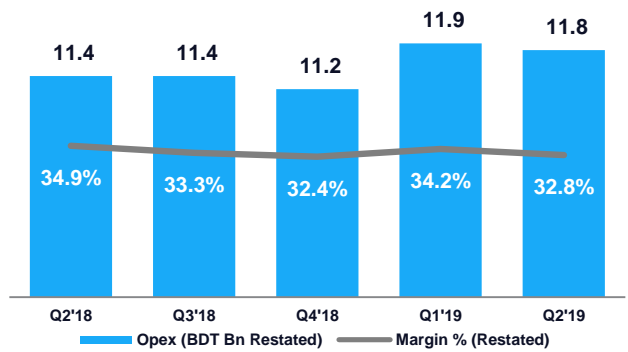
Grameenphone Ltd.: C-31531(652)/96
2nd Quarter 2019 Business Highlights

Financial Updates: Healthy topline growth with strong margins

For the second quarter of 2019, Grameenphone reported revenues of BDT 36.1 Bn, a 10.6% growth from the same period last year. Subscription and traffic revenue excluding interconnection grew by 3.5 Bn, driven by growth in voice revenue of 2.5 Bn.



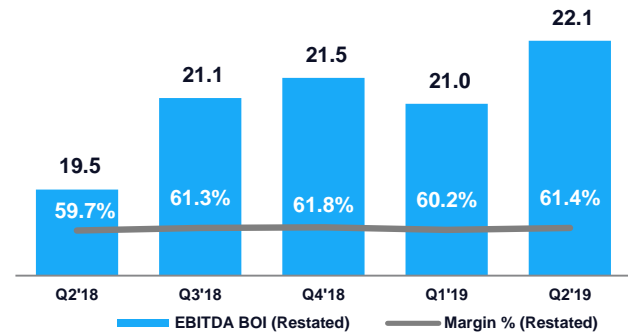
BDT 2.6 Bn normalized EBITDA uplift driven by revenue



EBITDA grew by BDT 2.6Bn driven by higher revenue. Normalized EBITDA growth was 13.52% with 0.1pp improvement in EBITDA margin.

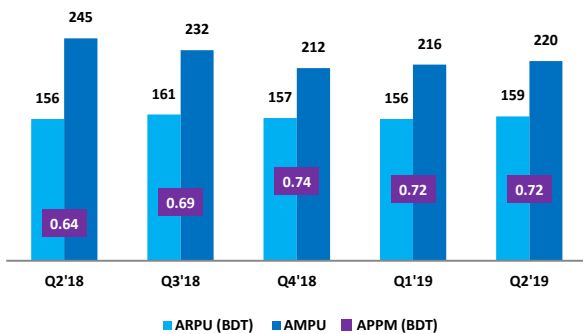
Voice ARPU grew by 5% YoY, while APPM grew by 26.7%. There was a 20.7% fall in interconnect revenue. Total Minutes of Use grew by 3.6% from last quarter.

Data revenue grew by 18.1% from last year. Data ARPU YoY remained stable at BDT 60 as a combination of 55.9% increase in AMBPU and 34.3% decrease in APPMB. 2GB @ BDT54 continues to be the hero data pack.

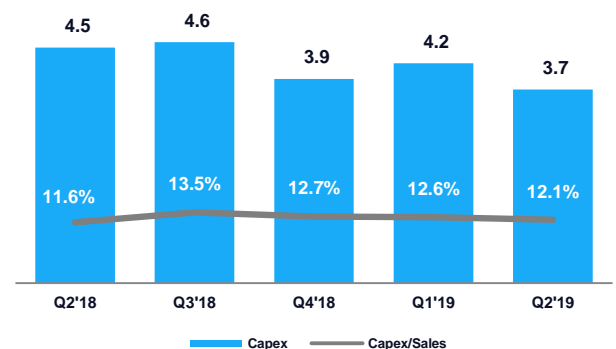


Service ARPU, AMPU, APPM and AMBPU

Service ARPU increased by 1.7% (YoY) driven by higher contribution from voice and data, partly offset by lower contribution from interconnect revenues.



In the second quarter of 2019 Grameenphone invested BDT 3.7 Bn in the modernization and rollout of 2G, 3G and LTE sites. Capex to sales ratio was 11.8%. During the quarter, we added 243 3G and 1560 4G sites. YTD total number of sites stands at 16,176 with 7,495 4G sites.

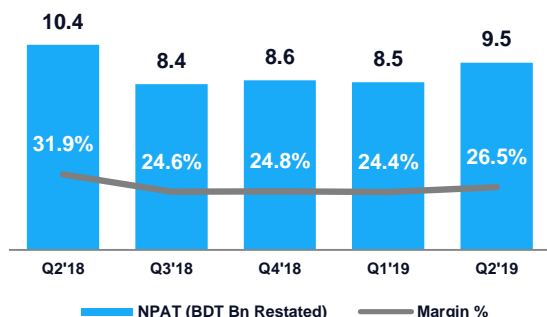


In the fourth quarter opex increased by 4.0% from last year to BDT 11.8 Bn. We will continue our focus on opex efficiency. Operating profit grew by 1.7 billion, driven by the uplift from both voice and data revenue, partially offset by lower contribution from interconnection.

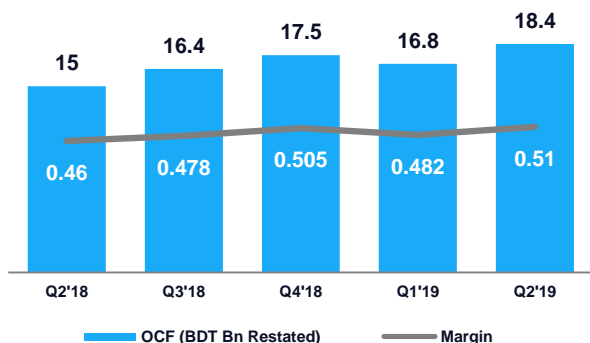


Grameenphone Ltd.: C-31531(652)/96 2nd Quarter 2019 Business Highlights

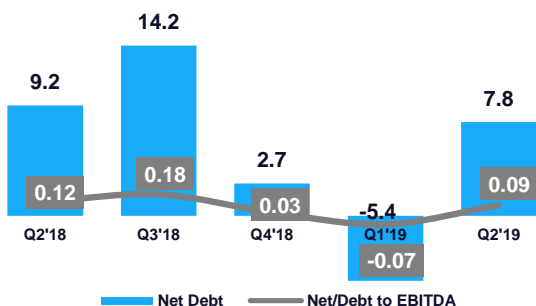
Normalized for one-off impact from Q1'18, earnings grew by 25.1%



Operating cash flow (EBITDA minus Capex) for the quarter stood at BDT 18.4 Bn with margin of 51.0%.



Grameenphone's assets at the end of the quarter stands at 146.9 Bn. Net debt to EBITDA stands at 0.09.



Regulatory Updates:

BTRC Audit

GP has continued to advocate the demand should be withdrawn and requested BTRC to enter into discussions with a view to find a resolution.

On 12 May 2019 BTRC issued a letter directing GP to make the full payment without any further delay, following up with another letter on 20 June 2019. In the letters BTRC alerted about taking necessary legal and administrative actions for the demand recovery.

BTRC Audit (continued)

In order to find a resolution GP's counsel has served a notice of arbitration to BTRC on 23 June 2019 under the prevailing Arbitration Act. BTRC has not responded to GP, but has opined via media this is not a possible avenue.

On 04 Jul'19, BTRC issued a letter to IIG operators to reduce GP's bandwidth capacity by 30% for not making the payment as per audit demand.

GP has protested to the BTRC and to the MoPT with written letters terming BTRC's approach inappropriate and illegal. Legal measures are being explored.

SMP Regulations

The sector specific SMP regulations should be aligned with the prevailing laws of the Country, however, the SMP regulations are contrary to the Competition Act-2012.

On 18 Feb 2019 and on 12 May 2019, BTRC attempted to impose restrictions on GP as SMP operator without any allegations of abuse Both times the Honorable High Court has issued show cause and issued injunction on the BTRC directives.

On 26 June 2019, BTRC filed Civil Petition (CP) for Leave to Appeal (CPLA) before the Appellate Division (AD) against the stay order on the latest 4 SMP related directives. On 1st July 2019, the Chamber court passed status Quo order on the stay order and forwarded it to the full bench of the AD on 19 Aug 2019.

GP will continue to advocate with authorities to revise the regulations to be in accordance with Bangladesh wider legislation

Tower Co. Licensing

While GP has diligently sought to bilaterally engage with tower licensees the BTRC for long has attempted to intervene in this process. On 20 May 2019, BTRC called a meeting with the MNOs where they presented a full Agreement and insisted GP to give final feedback on the spot. GP refrained as according to the Guideline this should be a bilateral discussion with tower co licensees, and sent a protest letter to the BTRC the following day. Later, BTRC sent another letter to GP mentioning its actions are not acceptable. It blamed GP for non-cooperation.

Again, on 12 Jun 2019, BTRC submitted this full Agreement to the MNOs. In a response letter on 17 Jun 2019, GP requested to halt BTRC's intervention and allow bi-lateral negotiations to continue.

In lieu of a non-functioning tower co regime GP requested via letter to BTRC on 27 May 2019 to be allowed to build new own sites. On 24 June 2019, GP received a reply rejecting our application and put a hard-stop on rolling out any new sites.