



Grameenphone Ltd.: C-31531(652)/96 4th Quarter 2019 Business Highlights

Solid growth with strong margins in a very challenging business environment

Grameenphone Ltd. (GP) reported 4.2% (YoY) total revenue growth and 4.8% (YoY) subscription & traffic revenue (excluding interconnection) growth. Data revenue grew by 14.2% (YoY) while voice revenue grew by 1.6% (YoY) for the period. Total subscriber increased by 0.7 Mn (QoQ). NPAT for the quarter was BDT 9.2 Bn.

Grameenphone experienced a solid business performance in the fourth quarter of 2019 despite challenging interventions from the regulatory environment, impact from changes in macro economic factors as well as adverse impact from seasonality.

The regulator continued their restriction on issuing NOCs despite a court ordered injunction won by Grameenphone. We were adversely affected by an early and prolonged winter as well as Cyclone Bulbul from early November.

Grameenphone gained 0.7 million new customers in the third quarter, ending the period with 76.5 million subscribers, registering a 5.1% growth from the same period last year. 53.1% of our total subscriber base are now using our internet services.

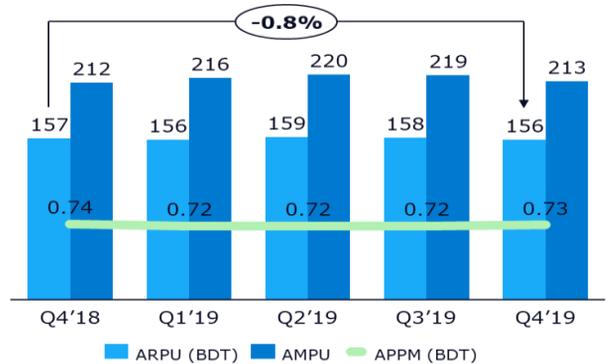
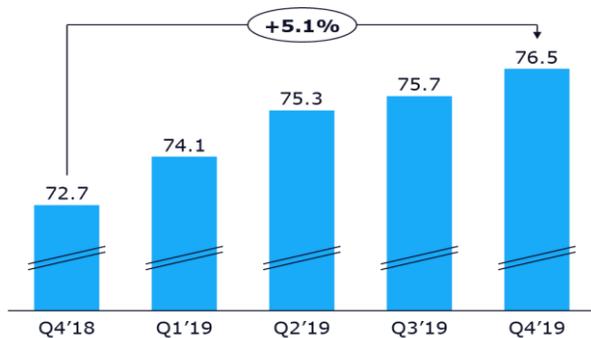
Financial Updates: Solid topline growth with strong margins

Grameenphone reported revenues of BDT 36.2 Bn, a 4.2% growth from the same period last year. Subscription and traffic revenue excluding interconnection grew by 4.8% despite continued restrictions on issuing NOC on importing telecom equipment/software and tariff approval.

Voice revenue grew by 1.6% from the same period last year, driven by higher outgoing minutes. Data revenue grew by 14.2% from last year, driven by 9.5% increase in data users and 3.3% growth in data ARPU.

Service ARPU, AMPU, APPM and AMBPU

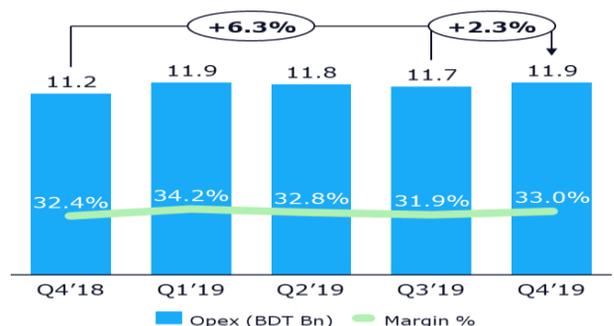
Service ARPU declined by 0.8% (YoY) driven by lower contribution from voice and interconnect, partly offset by higher contribution from data.



The number of data subscribers increased by 3.5 million to 40.6 Mn, leading to a 9.5% growth from the same period last year. APPMB declined from last quarter by 5.8% to 0.03. Data ARPU grew by 2.1% QoQ and 3.3% from the same period last year.

At the end of the quarter we reported 11.9 million 4G users. With the addition of 715 4G sites during the fourth quarter, we now cover 74.5% of the population with our 4G network.

In the fourth quarter opex increased by 6.3% from last year to BDT 11.9 Bn, mainly due to higher revenue sharing and one off reversals last year. Operating profit grew by 0.6 billion, driven by the uplift from both voice and data revenue, partially offset by lower contribution from interconnection.





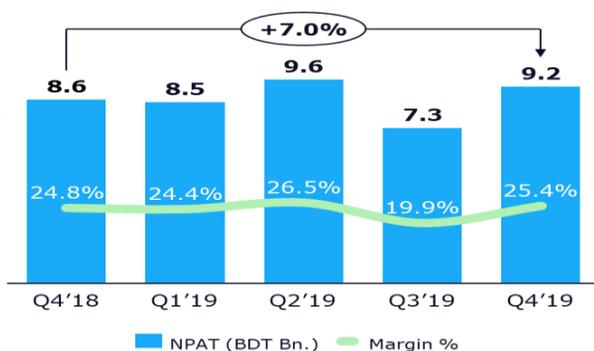
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During the quarter we added 715 to our 4G network, reaching 10,022 total 4G/LTE sites. The total number of sites stand at 16,506.



YTD EPS grew by 3.5%.



Operating cash flow (EBITDA-IAS17-restated, minus Capex) for the quarter stood at BDT 18.2 Bn with margin of 50.3%.

Grameenphone's assets at the end of the quarter stands at 148.7 Bn. Net debt to EBITDA stands at -0.04.

Regulatory Updates:

BTRC Audit

- In Jul'19, pursuant to the demand dated 2 Apr'19, GP filed and moved arbitration applications for the appointment of BTRC's arbitrator and sought for injunction on restrictions imposed by BTRC before the High Court Division (HCD).
- On 21 Oct 2019, the applications were rejected. The deadline for filing of any appeal against the rejection order before the Appellate Division (AD) was 13 Jan 2020.
- In Aug 2019, GP filed a Title Suit against the Audit Demand and moved an application for injunction in the District Court since the HCD indicated to pass negative order in arbitration applications and also to make the demand sub-judice in order to prevent any realization measure of the demand including seeking an injunctive relief on the NOC order dated 22 July 2019; but the injunction application was rejected.
- Against the rejection order, GP filed an appeal (Civil Appeal) before the HCD and on 17 Oct 2019, the HCD passed an interim order of injunction restraining BTRC, for a period of two months, for the realization of or enforcement of the Audit Demand.
- The HCD also stayed, for a period of two months, the operation of the BTRC letter dated 22 Jul 2019 (regarding suspension of NOC for importation of equipment/software and suspension of tariff/service package etc. approvals).
- On 18 Dec'19, the HCD has extended the interim order and injunction for one month in the absence of the certified copy of the Order passed by the AD. Upon receiving the certified copy of the Order passed by the AD, the HCD has adjourned hearing of Civil Appeal till 24 Feb'20.
- The original Title Suit pending at the District Court is fixed on 03 March 2020 for reply (written statement) of BTRC & Auditor (as of now only auditor has appeared in the Suit).
- On 26 Jan'20, GP filed a Review Petition with the Hon'ble AD of the Supreme Court of Bangladesh, requesting that the order passed on 24 Nov'19 may kindly be reviewed. We are seeking consideration to allow GP to deposit approximately BDT 5.75 Bn which represents 25% of the BTRC related principal portion of the amount demanded in the audit, through twelve equal monthly instalments.

SMP Regulation

- On 15 Dec 2019, the High Court Division (HCD) passed its verbal judgment where it declared that the directives of 30 May 2019 cannot be sustained in law as BTRC did not consider GP's reply dated 27 May 2019 prior to issuance of the directives.
- The court also directed (Direction) BTRC to take steps with respect to the directives within 4 (four) weeks of receipt of the certified copy of the judgment, after recalling the directives dated 30 May 2019, upon due consideration of the relevant provision of SMP Regulation 2018 and GP's reply.
- Written judgment is yet to be published.

(Continued)



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Tower Co. Licensing Regime

- On 08 September 2019, to expedite the existing writ (Filed On 10 May 2018, challenging some specific provisions of the Tower Sharing Guideline) an application was filed seeking direction on BTRC to allow GP to build 279 critical sites.
- On 26 November 2019, BTRC finalized their full-fledged agreement template in the name of Common SLA (still with commercial terms and conditions yet without pricing tables) and sent the copy to all MNOs and Tower Cos for necessary action.
- GP responded to BTRC on 4 Dec 2019 reiterating its previous position that BTRC should not intervene in the bi-lateral agreement between MNOS and Tower Cos. In that letter GP also asked BTRC to withdraw the imposed Common SLA and vet the bilateral SLA agreed between GP & edotco.
- GP sent another letter on 30 December 2019 to MoPT describing the facts and requested to intervene to remedy the situation.
- In 1st week of January 2020, GP Regulatory team had a discussion with Deputy Secretary and Additional secretary of MoPT for sharing GP's position and concerns regarding the matter. They agreed to discuss the matter with the ICT advisor in the next meeting with him.
- A new draft Writ Petition has been prepared to challenge BTRC approach in preparing the Common SLA.