Quarterly Financial Report
Grameenphone Ltd
4th Quarter, 2018
Michael Patrick Foley, CEO
Disclaimer

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on this presentation or any of its contents. Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Grameenphone Ltd. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.
Highlights 2018

4th Quarter 2018

- 34.7 Bn Revenue (+7.7% YoY)
- 62.3%** EBITDA Margin
- 11.5 Bn profit after taxes
- 6.36 Mn 4G sim replacement

Full Year 2018

- 132.8 Bn Revenue (+3.4%)
- BDT 80.7 Bn EBITDA (+5.8%)
- 46.3%* SIM market share
- 6.6% Voice Revenue Growth
- 84.2 Bn contribution to exchequer
- Final Dividend 155% of PuC

*BTRC published data as of 31 Dec 2018
**As per IAS 18
Strong business performance driven by excellent execution in the market

**QUALITY SUBSCRIBER ACQUISITION**
- Network expansion drive
- Strengthened distribution
  - 2.9 Mn 013 sub-base
  - 4.5 Mn active users on MyGP

**STABLE VOICE AND DATA PRICES**
- Flexiplan price revision
- Monthly data pack revision
  - 350 Min @BDT 199 voice pack
  - 2GB @ BDT 38 data pack
Q4 2018

Reached 5.5 Mn 4G users*

*As of 31 December 2018
On 10 Feb’19, BTRC declared GP as an SMP

On 18 Feb’19, we received 2 directives with 4 do’s and don’ts and 20 areas under consideration by BTRC

GP is further pursuing this matter with policy makers

On 17 Dec’18, BTRC invited GP and the Auditor in a tri-party meeting to discuss selected areas of findings.

The next course of actions will be decided in the upcoming Commission meeting.

We are expecting a few more discussions leading to the closure of this audit.

On 11 Nov ’18, BTRC has made the QoS guidelines public on their website.

QoS parameters have been set for only MNOs, PSTN and Broadband service providers; no parameters have been set for NTTN operators as requested.

A letter with our concerns was sent to BTRC on 10 Dec’18, requesting to re-evaluate.

Four Licenses have been awarded on 1st Nov ’18.

The industry is in dialogue with BTRC for a smooth transition

GP is running commercial negotiations with licensees.
Priorities

Going Forward
Quarterly Financial Report
Grameenphone Ltd
4th Quarter, 2018

Karl Erik Broten, CFO
EBITDA growth with strong margins

11.3% Growth in Subscription & Traffic Revenue*

12.7% Capex/Sales***

62.3% EBITDA Margin**

6.72 Earnings Per Share

*Revenues generated by own subscription (excludes interconnection)
**As per IAS 18
***Capex excluding license fees; Capex/sales = moving average last 4 quarters
12.2% normalized subscription & traffic revenue growth, FY 8.3%*

- 9.9% normalized total revenue growth for Q4, FY 6.3%*
- 11.9% growth in voice revenue driven by growth in APPM and decline in outgoing minutes
- 11.3% growth in subscriber base

*Normalized for contract change impact for handset and content
**Daily revenues generated by own subscription (excludes interconnection)
18.9% data subscriber and 80.4% volume growth

Data Revenue (BDT Bn) and % of Service Revenue*

- 25.1% YoY data revenue growth driven by growth in data users and data ARPU

Active Data Users** (Mn) and % of Sub-base

- Network expansion and competitive data offers driving user growth and experience

*Revenues generated by own subscription (includes interconnection)
** Minimum 150 KB usage within last 3 months
2.0% service ARPU drop and 3.6% data ARPU growth from last quarter

Service ARPU, AMPU and APPM

- 2.4% service ARPU decline YoY
- Negative impact from VAS and local and international IC

Data ARPU, AMBPU and APPMB

- 5.2% ARPU growth YoY led by growth in usage
- APPMB declined by 30.6% YoY mainly due to competitive offers
BDT 2.3 Bn normalized EBITDA uplift

Opex (BDT Bn) and Margin**

- **Opex (BDT Bn) and Margin**

  +0.3% YoY  -1.6% QoQ

<table>
<thead>
<tr>
<th>Opex BDT Bn</th>
<th>Opex/Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'17</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>11.6</td>
</tr>
<tr>
<td>Q2'18</td>
<td>11.1</td>
</tr>
<tr>
<td></td>
<td>11.2</td>
</tr>
<tr>
<td>Q3'18</td>
<td></td>
</tr>
<tr>
<td>Q4'18</td>
<td></td>
</tr>
</tbody>
</table>

  44.92% 2018

EBITDA* (BDT Bn) and Margin**

- **EBITDA (BDT Bn) and Margin**

  +13.9% YoY  +1.7% QoQ

<table>
<thead>
<tr>
<th>EBITDA BDT Bn</th>
<th>EBITDA Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'17</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td>18.0</td>
</tr>
<tr>
<td>Q1'18</td>
<td>19.8</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2'18</td>
<td>21.3</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3'18</td>
<td>21.6</td>
</tr>
<tr>
<td>Q4'18</td>
<td></td>
</tr>
</tbody>
</table>

  80.7% 2018

- **One-off positive effect of BDT 344 Mn in Q4’18**

*EBITDA before other items

**As per IAS 18

***Normalized for one-off items
Investment mainly on 2G, 3G, LTE site rollout and network modernization

- 429 new 4G sites rollout along with network modernization
- 404 2G and 497 3G sites addition
- Total number of sites stand at 2G -14,521; 3G – 14,687; 4G – 5009
- Investment to continue to provide superior network experience

*Capex (BDT Bn) and Capex/Sales%

Q4’17 Q1’18 Q2’18 Q3’18 Q4’18 2018
4.7 3.8 4.5 4.6 3.9
11.3% 10.7% 11.6% 13.50% 12.7%

Q4 2018

*Capex excluding license fees
Capex/sales = moving average last 4 quarters
Normalized earnings growth of 22.6%

NPAT (BDT Bn) and Margin*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>NPAT (BDT Bn)</th>
<th>NPAT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'17</td>
<td>6.0</td>
<td>18.5%</td>
</tr>
<tr>
<td>Q1'18</td>
<td>6.4</td>
<td>20.5%</td>
</tr>
<tr>
<td>Q2'18</td>
<td>10.8</td>
<td>33.2%</td>
</tr>
<tr>
<td>Q3'18</td>
<td>8.9</td>
<td>25.90%</td>
</tr>
<tr>
<td>Q4'18</td>
<td>9.1</td>
<td>26.1%</td>
</tr>
<tr>
<td>2018</td>
<td>35.2</td>
<td>26.5%</td>
</tr>
</tbody>
</table>

Earnings Per Share (BDT)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Earnings Per Share (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'17</td>
<td>4.42</td>
</tr>
<tr>
<td>Q1'18</td>
<td>4.74</td>
</tr>
<tr>
<td>Q2'18</td>
<td>8.00</td>
</tr>
<tr>
<td>Q3'18</td>
<td>6.58</td>
</tr>
<tr>
<td>Q4'18</td>
<td>6.72</td>
</tr>
<tr>
<td>2018</td>
<td>26.04</td>
</tr>
</tbody>
</table>

*On reported basis

Also we should have a couple of bullet points on slide 15 on the big jump in NPAT and EPS. We had this one year ago on the same slide: "Net one-off negative adjustment of BDT 2.0 Bn", so this together with the higher EBITDA should be highlighted. K
**OCF (BDT Bn) and OCF/Sales%**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>OCF (BDT Bn)</th>
<th>OCF/Sales%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'17</td>
<td>14.3</td>
<td>44.2%</td>
</tr>
<tr>
<td>Q1'18</td>
<td>14.1</td>
<td>45.2%</td>
</tr>
<tr>
<td>Q2'18</td>
<td>15.2</td>
<td>46.5%</td>
</tr>
<tr>
<td>Q3'18</td>
<td>16.6</td>
<td>48.30%</td>
</tr>
<tr>
<td>Q4'18</td>
<td>17.7</td>
<td>50.9%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>47.8%</td>
</tr>
</tbody>
</table>

**Net debt (BDT Bn) and Net debt/EBITDA**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net debt (BDT Bn)</th>
<th>Net debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'17</td>
<td>1.8</td>
<td>0.02</td>
</tr>
<tr>
<td>Q1'18</td>
<td>3.4</td>
<td>0.04</td>
</tr>
<tr>
<td>Q2'18</td>
<td>9.2</td>
<td>0.12</td>
</tr>
<tr>
<td>Q3'18</td>
<td>14.2</td>
<td>0.18</td>
</tr>
<tr>
<td>Q4'18</td>
<td>2.7</td>
<td>0.03</td>
</tr>
</tbody>
</table>

*OCF equals EBITDA minus Capex (excluding license) on a reported basis

**Net Debt = Short term debt + Long term debt - Cash and Cash equivalents

12 months rolling EBITDA

Q4 2018
Recommended 155% of PuC cash final dividend for 2018

- Consistent high dividend payout
- Shareholders as of the Record Date 17 February 2019 will be entitled
- Subject to approval during 22nd AGM scheduled for 23rd April 2019
Investment & Contribution to the Bangladesh Economy

Investment BDT Bn

- **2014**: 15.2 Bn
- **2015**: 19.3 Bn
- **2016**: 21.1 Bn
- **2017**: 14.5 Bn
- **2018**: 34 Bn

**17.14 Bn** 4G License Fees

Contribution to National Exchequer BDT Bn

- **2014**: 58.9 Bn
- **2015**: 51.1 Bn
- **2016**: 58.6 Bn
- **2017**: 61.8 Bn
- **2018**: 71.5 Bn

**84.2 Bn** (63.4% of revenues) contributed to exchequer in the form of taxes, VAT, duties, *4G license & tech neutrality

- **16.9 Bn Capex in 2018 mainly for new 2G, 3G, LTE sites, modernization**
Accounting Standards under IFRS

15

Revenue from contracts with customers

- Adoption using the modified retrospective approach
- No significant impact in recognition of revenue
- Recognition of Contract cost as an impact of deferment of customer acquisition cost
- Opening balance adjustment of Retained earnings of BDT 2.6 Bn

16

Leases

- Preliminary identification of areas of potential impact
- Most significant impact areas are BTS sites, site sharing contracts, Grameenphone Center/office space, house rent etc.
- Implementation will be reflected from 1 Jan’19 using the modified retrospective approach
Summary

4th Quarter 2018

- Healthy growth despite challenges from external factors
- Growth in revenue with stability in voice and data prices
- Quality acquisition from new number series 013
- Earnings impact from one-off items

Full Year 2018

- Strong business performance with healthy returns despite challenges
- Growth in voice and data revenue driven by investment in 2G, 3G & 4G
- Healthy earnings growth with high dividend payout
- Our focus remains on superior network experience for customers