



Grameenphone Ltd. – 2nd Quarter 2015

Highlights of 2nd quarter 2015

**Intensified price
competition**

**SIM tax reduced
to BDT 100**

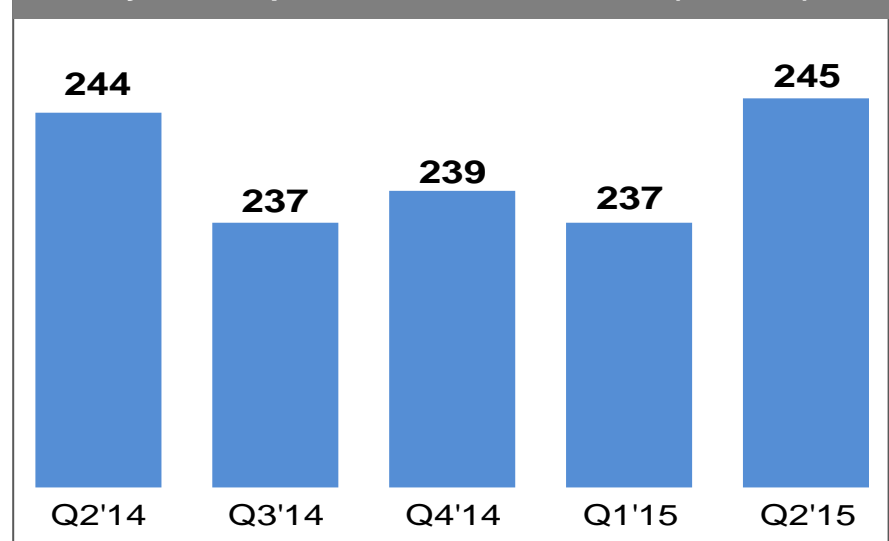
**53.1 Mn
Subscriber**

**26.3 Bn BDT
Revenue**

Gradual performance recovery from challenging last quarter

- Healthy development of daily subscription and traffic revenue
- Offering various innovative campaigns with enhanced usability experience
 - Increase in the adoption rate
 - Improvement of revenue generating base
- Observing encouraging growth in the data market
 - Crossed BDT 2 Bn revenue mark for the first time in 2nd quarter
 - 21% QoQ data user growth
- Improvement in Net Promoter Score

Daily Subscription and Traffic Revenue (BDT Mn) *



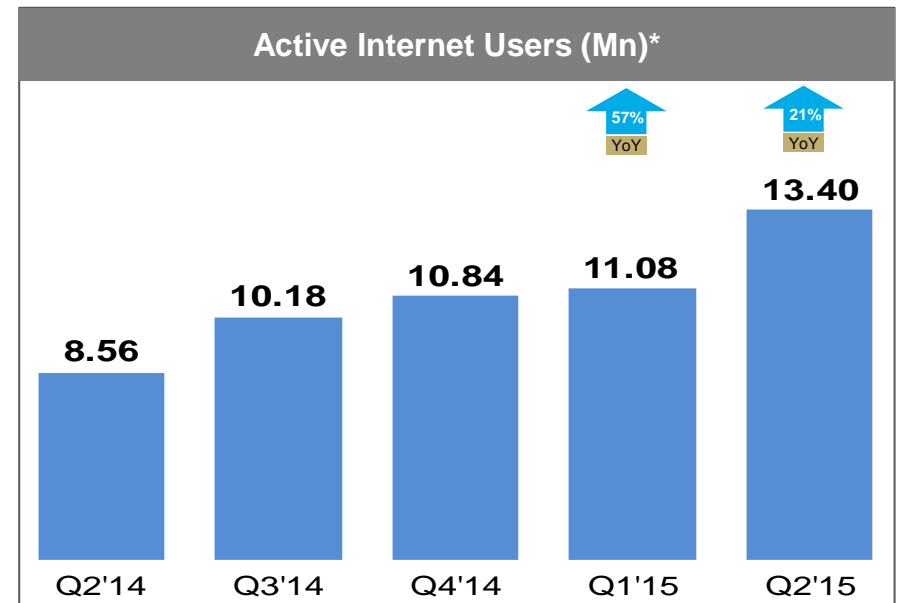
Bringing innovation & customer centricity at the forefront

- Simplified product and services
 - April start-up offer with attractive yet simple call rates and data
 - Customization option in bundle offer of voice, data, SMS and validity
- Competitive offers in start-up and voice
 - Reduced SIM price to BDT 110
 - Extended portfolio with reduced rate
- Driving retail participation in recharge based activation process for data and minute packs
 - Instant commission for retailers
- Strengthening Customer Lifecycle Management (CLM) tools



Strengthening the data position

- 3G network rollout increasing coverage and capacity enhancement
- Facebook offer in April driving new users
- Enriched the simplified portfolio with one affordable high validity low volume pack
 - 100MB monthly pack at BDT 45
- Driving relevance of internet usage
 - Introduced daily and weekly social packs
- Awareness creation through i-Gen is running for 3rd time all over the country
 - Road shows covering 2000 schools
 - Reached out to 870,000 students



* Minimum 150 KB usage within last 90 days

Regulatory updates

Budgetary changes for 2015-1016

- SIM tax has been reduced to BDT100 from BDT 300
- 3% Supplementary Duty on services through SIM/RUIM card

NBR's claim against replacement SIM

- While administrative solution was ongoing, GP received a demand notice from National Board of Revenue
- Still seeking resolution through administrative process

Spectrum auction

- On 5 May'15, BTRC postponed the auction process after revision of the schedule twice
- Revised guideline/schedule is expected to be published soon
- MNOs are seeking acceptable resolution to long pending issues before the auction

Implementation of IGW Operators Switch (IOS)

- A new integration hub added in between IGW and ICX to carry and terminate international traffic
- 8 IGWs out of 25 obtained BTRC approval to operate as IOS
- Possibility of increase in illegal VOIP

Tower company licensing

- Regulator may come up with a licensing guideline of tower company
- Consultation process is ongoing amongst Ministry and MNOs

Financial Highlights

**0.4% Revenue
growth (YoY)**

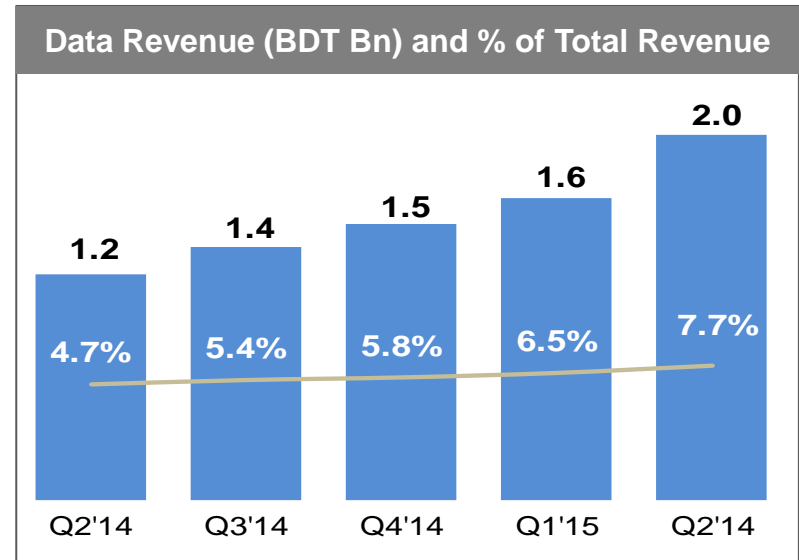
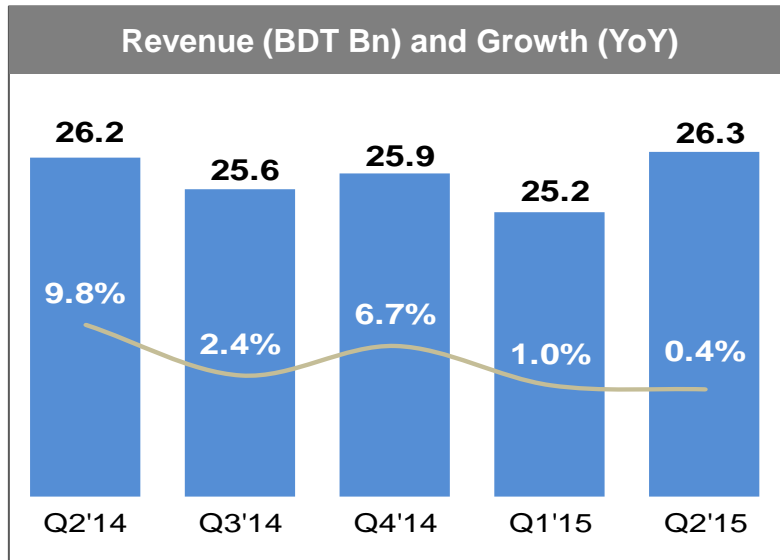
**53.9% EBITDA
margin**

**6.4 Bn BDT
Capex**

**BDT 3.80
Earnings per
share**

2Q 2015

Marginal revenue growth against a strong quarter of 2014

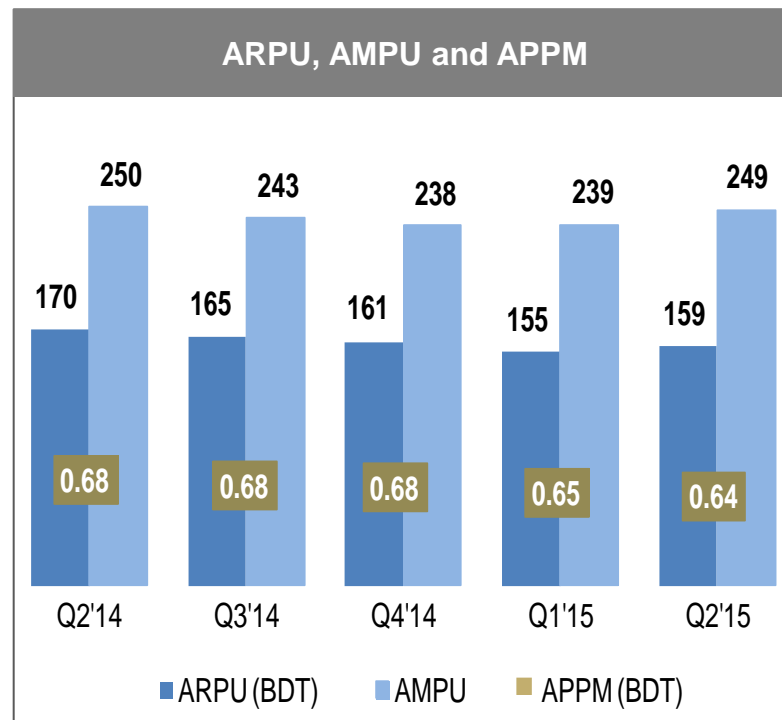


- Competitive offers putting pressure on voice revenue while observing gradual minutes growth
- 4.5% growth from 1st quarter of 2015
- 64% data revenue growth with increasing contribution to topline
- VAS revenue growth momentum continuing

2Q 2015

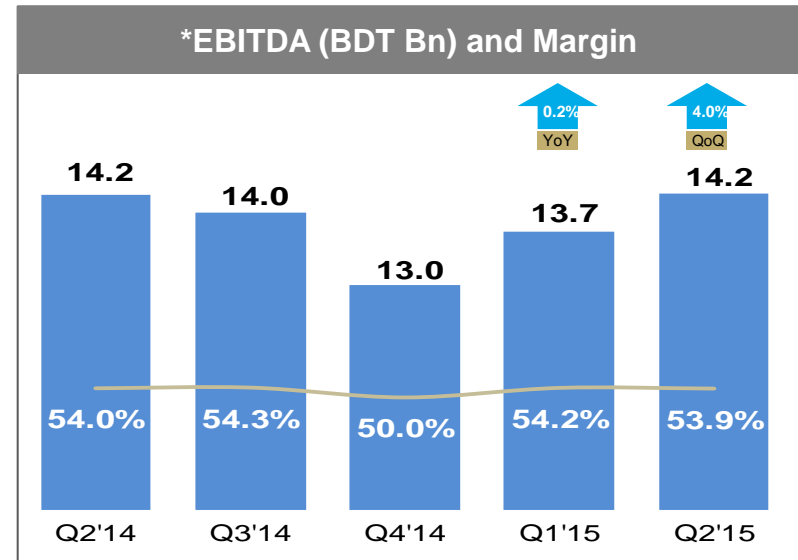
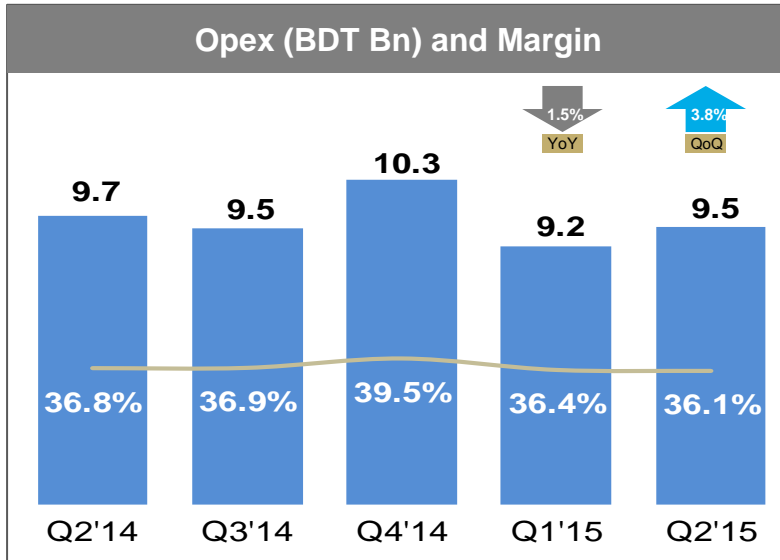
Stimulating usage through competitive offers

- Continuation of improvement in campaign takers driving up the revenue generating base
 - Extension of 1paise/sec price point with higher amount recharge
 - Popularity of voice bundles
- Increasing contribution of data and VAS
- ARPU erosion of 6.7% (YoY), however improved 2.4% over last quarter
 - Stable AMPU with encouraging monthly minutes growth trend
 - Competitive offers creating stress on APPM



2Q 2015

Stable EBITDA backed by good opex management

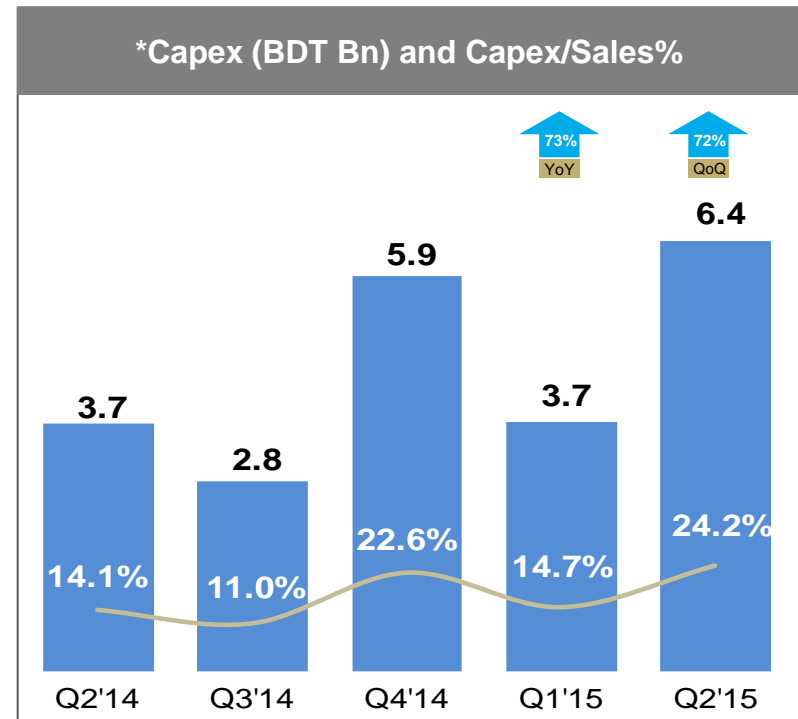


- Lower subsidy due to startup price revamp and SIM tax reduction, partly offset by higher SIM sales
- Lower advertising & promotion and trade marketing expenses resulting from efficiency and simplified market spending
- Higher commission due to higher gross addition and distributor incentive

2Q 2015

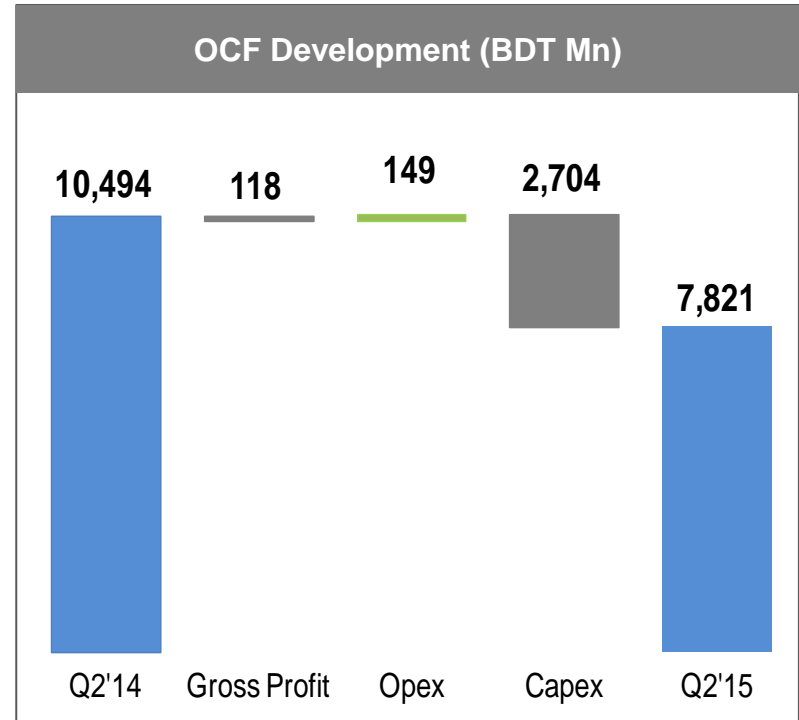
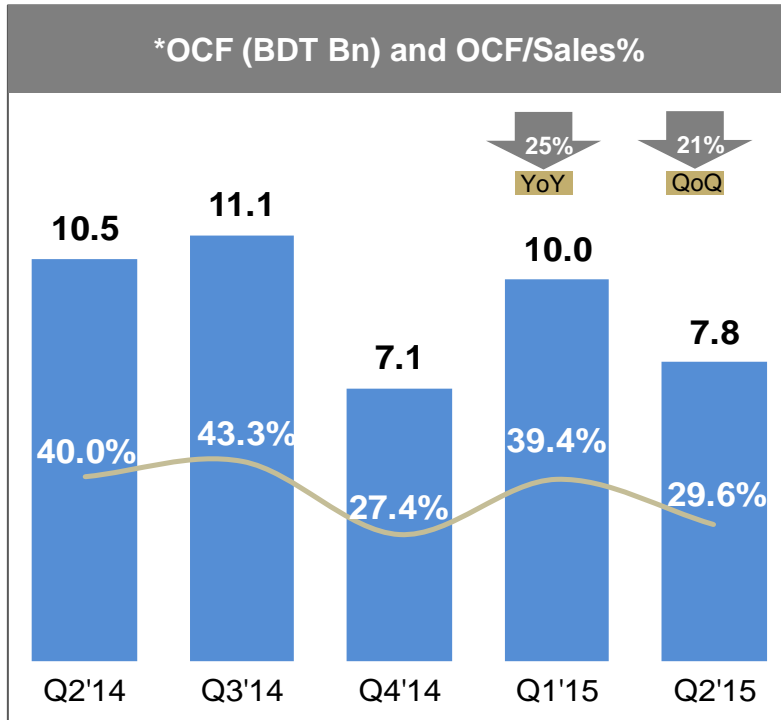
Geared up investment for strengthening network superiority

- Continuing with extensive 3G site rollout
 - 11 pp increase in geographical and 9 pp increase in population coverage
- 2G coverage expansion
- Capacity enhancement for catering higher volume of data and voice
- Enhancement of IT infrastructure
 - Distribution operation efficiency
 - Superior customer experience with greater product and campaign flexibility



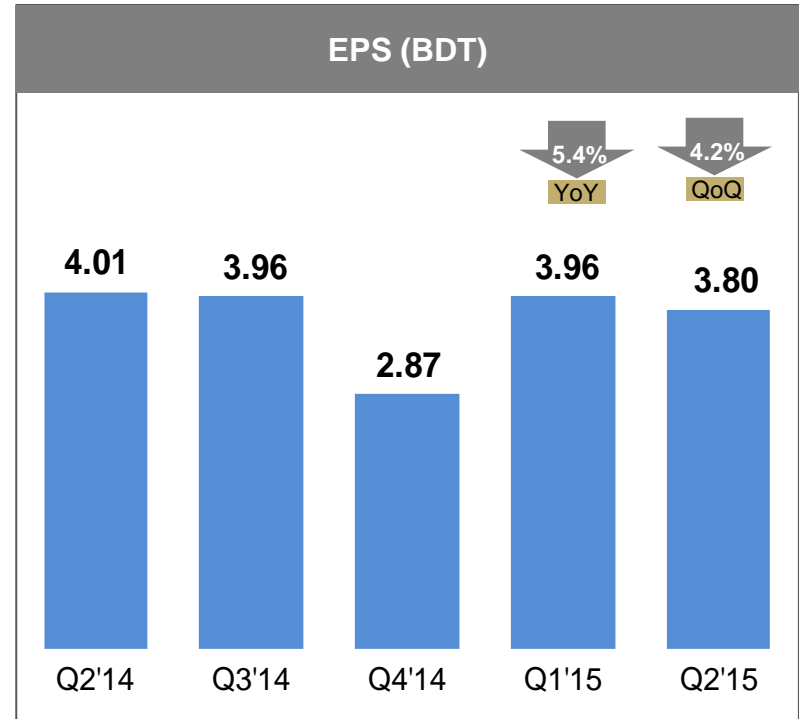
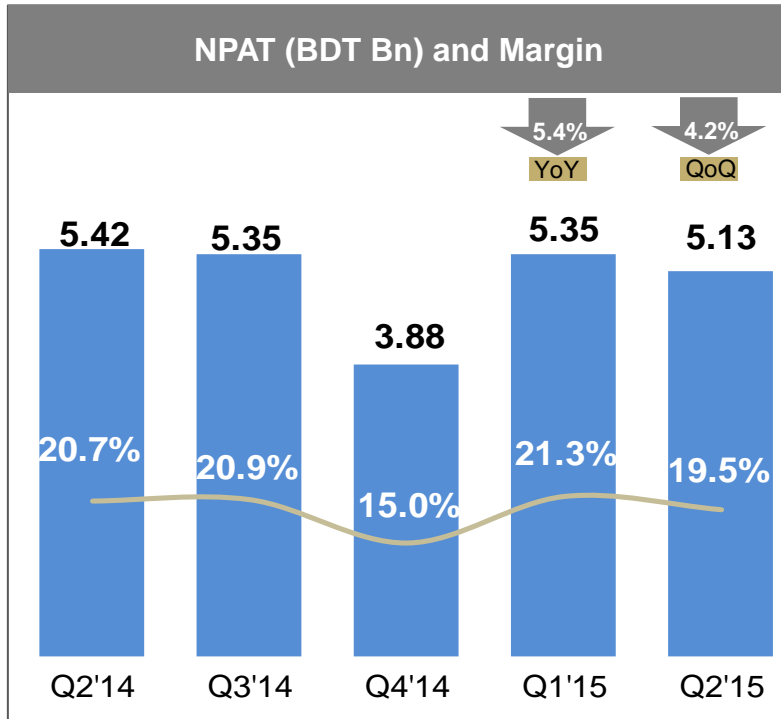
2Q 2015

Higher capex led to lower Operating Cash Flow



2Q 2015

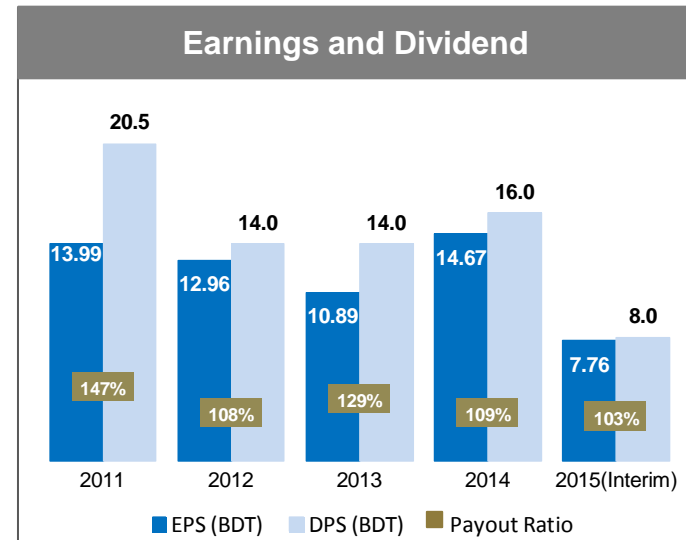
Higher depreciation impacting earnings



2Q 2015

80% cash interim dividend for 2015

- Healthy interim dividend yield of 2.34%
- Declared dividend out of provisional net profits for the half year ended on 30 June 2015 and retained earnings as of 31 December 2014
- Shareholders as of the record date 29 July 2015 will be entitled



Summing up

- Gradual performance revival resulting from various simplified customer centric market initiatives
- Strengthening data positioning
- Efficiency in Opex management generating healthy EBITDA and margin
- Investment for strengthening network superiority and IT infrastructure improvement
- 80% interim cash dividend declaration





Thank You

