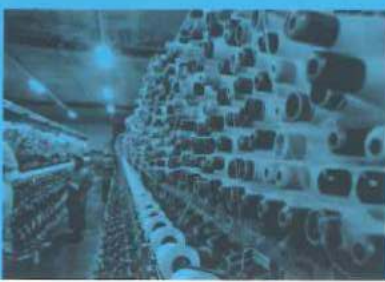


CREDIT RATING REPORT



ROBI AXIATA LIMITED



**CREDIT RATING
AGENCY OF
BANGLADESH LTD.**

www.crab.com.bd



CREDIT RATING REPORT (11TH SURVEILLANCE) Robi Axiata Limited

ANALYSTS

Mohd. Asifur Rahman
asif.rahman@crabrating.com

Nur Elahee Molla
nur_elahee@crab.com.bd

RATING

| Entity Rating | Long Term Loan Rating | Short Term Loan Rating | Rating Outlook |
|-----------------------|---------------------------|------------------------|----------------|
| AA₁ | AA₁(Lr) | ST-1 | Stable |

Note: Details of the Rating and Credit facilities are exhibited in Appendix-1
Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

FINANCIAL HIGHLIGHTS & GRAPHS

Financial Highlights

| (Mil. BDT) | 31/12/2023 | 31/12/2022 |
|------------------------------|------------|------------|
| Net Sales | 99,422.6 | 85,859.7 |
| EBITDA | 44,279.9 | 35,604.2 |
| EBITDA Margin | 44.5 | 41.5 |
| Net Profit After Tax | 3,209.6 | 1,827.2 |
| Net Profit Margin (%) | 3.2 | 2.1 |
| Return on Average Assets (%) | 1.5 | 0.9 |
| Quick Ratio (x) | 0.2 | 0.2 |
| Operating Cycle (Days) | 31 | 37 |
| Total Assets | 219,003.7 | 197,274.6 |
| Total Shareholders' Equity | 66,815.9 | 67,126.5 |
| Debt to Equity (x) | 0.2 | 0.9 |
| Borrowed Fund to EBITDA (x) | 0.3 | 1.6 |
| Cash Flow from Operation | 39,617.2 | 22,193.3 |
| EBIT/Interest (x) | 2.4 | 1.8 |

Date of Rating
30 April 2024
Validity
30 April 2025
RATING BASED ON:

Consolidated Financial Statements up to 31 December 2023, Bank Liability position as of 31 December 2023 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

BRIEF PROFILE

Robi Axiata Limited formerly known as TM International (Bangladesh) Limited (hereinafter also referred to as 'Robi' or 'the Company') is a public company limited by shares, was incorporated under Company Companies Act, 1994 on 22 October 1995 and currently has its registered office at The Forum, 187, 188/B Bir Uttam Mir Shawkat Sarak, Tejgoan, Dhaka-1208. Dhaka. During December 2020, Robi issued 523,792,894 shares through an initial public offering and listed its shares with both Dhaka and Chittagong Stock Exchanges. Trading of the shares started on 24 December 2020 in both the exchanges.

Robi as a licensed mobile telecommunication service provider in Bangladesh has been providing voice, data, and digital services. Robi had a combined subscriber base of 58.67 million as of 31 December 2023, ranking as the second largest mobile operator in the telecommunication industry of Bangladesh.

RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has upgraded rating of Robi Axiata Limited to **AA₁ (Pronounced Double A One)** and loan rating to **AA₁(Lr)** for US\$ 76.0 million aggregate long term outstanding (foreign) and BDT 2,000.0 million long term outstanding (local) in the Long Term. CRAB has also assigned **ST-1** rating to BDT 49,939.0 million aggregate Funded and Non-Funded limit of the Company in the Short Term

Robi's increasing market share in the telecom industry in Bangladesh, diversified product mix, strong ownership structure and experienced management with structured reporting system, 15.8% revenue growth along with increasing profitability trend and debt protection matrix factor the assigned rating. The steady revenue growth is attributed to the increased data usage and data user along with 9.0% voice revenue growth assisted by growing subbase (58.67 million in 2023) and voice price optimization. Data revenue reported highest growth (28.2%) and reached to BDT 39,865.7 million in 2023 following the increase in data usage/subscriber well supported by enhanced network investment and continued 4G user adoption.

Total shareholders' equity of the Company has been increasing over the years and stood at BDT 66,815.9 million in 2023 mainly in the form of retained earnings. The borrowed fund declined substantially during the last two years. Therefore, leverage position increased compared to previous trend and almost stable during the last two years, led by 0.2x debt ratio in 2023 (0.3x in 2022). Coverage indicators improved reflected in 0.3x borrowed fund to EBITDA ratio and 220.5% FFO to debt ratio in 2023 revealing favourable credit risk profile.

The telecom industry is surrounded by a high level of regulatory uncertainties and Robi, like other telecoms, remains susceptible to adverse regulatory changes. From a credit standpoint, the regulators' ability to mold the framework under which a telecommunications issuer operates is a major influence on credit quality, as it ultimately forms the foundation for the operators to generate returns on their investments. As a result, CRAB perceives the regulatory risk of the telecom industry to be high which would affect the creditworthiness of the players through debt led CAPEX.

However, favorable changes in financial matrix along with consistency in operation and business profile may have impact on future rating consideration, and vice versa.

KEY RATING DRIVERS

RATING STRENGTH

- ◆ Established market position in the telecom industry with a steady growth of subscriber base; 58.67 million at the end of 2023 from 54.40 million in 2022 registering 7.85% growth.
- ◆ Quality of Revenue diversification improved following the Robi's increasing trend of active internet subscribers which along with increasing demand of internet uses resulted in 28.2% growth in revenue from data (2023: BDT 39,865.7; 2022: BDT 31,091.13 million).
- ◆ 15.8% revenue growth in 2023 followed by 5.4% growth in 2022 along with improved financial matrix and credit risk profile support the assigned rating.
- ◆ Expanded presence across business verticals, attempts to upgrade technology, countrywide established network to cater service, effort to improve customer care management efficiency, strong customer-centric pledge and constant network investments to improve data coverage, to provide premium quality voice service, to strengthen data connectivity resilience.

RATING CONCERNS

- ◆ The telecom industry is surrounded by high level of regulatory uncertainties and business of Robi, like other telecoms, remains susceptible to adverse regulatory changes.
- ◆ High competitiveness in the industry and constantly evolving nature due to the new technologies may create challenge immediate further development of financial matrix of the Company; hence the rating is attributed to profitability trend and leverage position.

BUSINESS BACKGROUND

Robi Axiata Limited formerly known as TM International (Bangladesh) Limited (hereinafter also referred to as 'Robi' or 'the Company') is a public company limited by shares, was incorporated under Company Companies Act, 1994 on 22 October 1995 and currently has its registered office at The Forum, 187, 188/B Bir Uttam Mir Shawkat Sarak, Tejgoan, Dhaka-1208. During December 2020, Robi issued 523,792,894 shares through an initial public offering and listed its shares with both Dhaka and Chittagong Stock Exchanges. Trading of the shares started on 24 December 2020 in both the exchanges. The issued and paid-up capital of the Company is BDT

52,379,328,950 as of 31 December 2023 of which 61.8% shares held by Axiata Investments (Labuan) Ltd, 28.2% shares held by Bharti International (Singapore) Pte Limited and rest of the shareholders' information is presented in page 6.

Axiata Investments (Labuan) Ltd.: Axiata Investments (Labuan) Ltd. is the 100% owned subsidiary company of Axiata Group Berhad. Axiata is an emerging leader in Asian telecommunications with significant presence in Malaysia, Indonesia, Sri Lanka, Bangladesh, Nepal and Cambodia. In addition, the Malaysian grown holding company has strategic mobile and non-mobile telecommunications operations and investments in India, Singapore, Iran, Pakistan and Thailand.

Bharti International (Singapore) Pte. Limited: Bharti International (Singapore) Pte. Limited is the 100% owned subsidiary company of Bharti Airtel Limited. Bharti Airtel Limited is a leading global telecommunications company with operations in 16 countries across Asia and Africa. Headquarter of the company is in New Delhi, India. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed DSL broadband, IPTV, DTH, enterprise services including national & international long-distance services to carriers. In the rest of the geographies, it offers 2G, 3G wireless services and mobile commerce.

Robi formed "RedDot Digital Limited" a private limited company in December 2019 with an aim to giving focus on Hi-Tech/Information Technology (IT)/ITES sector, developing software technology for mobile, IOT and FinTech services. Robi formed "Smart Pay Limited" a private limited company in October 2022 with primary focus to manage & operate electronic payment and services, peer to peer transfer services utility and merchant bill payment. Robi also formed "AxEnTech PLC" as a public limited company in June 2023 and "r ventures PLC." in July 2023.

Robi is licensed mobile telecommunication service provider in Bangladesh has been providing voice, data, and digital services. The Company also provides other services including international roaming services with various operators of different countries across the world. The Company launched its commercial operations on 15 December 1997 and currently has a nationwide 2G, 3G and 4G network.

The Company obtained 3G Cellular Mobile Phone Services Operator License (3G license) and related spectrum from Bangladesh Telecommunication Regulatory Commission (BTRC) on 12 September 2013 and 4G Cellular Mobile Phone Service Operator License (4G License) on 19 February 2018. The 3G License and 4G License were issued for a period of 15 years with effect from 12 September 2013 and 19 February 2018 respectively. In April 2021, the Company acquired 7.6 MHz of spectrum license for a period of five hand half years. In March 2022 the Company acquired another 60 MHz of spectrum for a period of 10.1 years effect from 1 January 2023.

Presently Robi Axiata Limited had a combined subscriber base of 58.67 million as of 31 December 2023 registering 7.85% growth in 2023 and remained as the second largest mobile operator in the telecommunication industry of Bangladesh having 30.75% of the subscriber market share. Its services are available both on pre-paid and post-paid platforms.

INDUSTRY RISK ANALYSIS

The global telecoms sector is a unique and vibrant industry that is constantly evolving due to the new technologies and infrastructure which continue to filter into the market. The overall global telecoms statistics are impressive in the form of substantial increase in mobile subscribers, smartphone users and active mobile broadband subscriptions worldwide. Adding new subscribers is increasingly difficult as markets become saturated and the economics of reaching rural populations become more difficult to justify in a challenging financial climate for mobile operators. The Covid-19 pandemic has slowed progress on the UN Sustainable Development Goals (SDGs) around the world, with the pandemic exacerbating existing social and economic inequalities. With lockdown restrictions and social distancing measures in place, people have relied on mobile networks to stay connected and access life-enhancing services. As a result, mobile adoption has continued to increase during the pandemic, despite sluggish economic growth and the negative effects on consumer incomes.

In Bangladesh, the story is no different. Starting its footprints in Bangladesh in 1993, the telecommunications industry has flourished exponentially keeping pace with the economic growth. Bangladesh has achieved strong social and economic progress in recent years. The economy grew at an average of 6.8 per cent during the last decade as a result of rising productivity which supports Bangladesh to become the 10th largest mobile market in

the world in terms of unique subscribers. Although the telecom industry in Bangladesh has scaled up rapidly over the last decade, Bangladesh's telecommunication sector is still relatively under-developed compared to other Asian countries. Bangladesh economy is propelling towards a high middle-income country status by 2041. The Centre for Economics and Business Research (CEBR) has projected that Bangladesh will be the 20th largest economy in the world within 2037. The mobile telecommunication sector is playing a key role in addressing the digital divide by bringing relevant services to the unconnected population. While this sector is constantly evolving and bringing new technologies, the next decade will be of adopting and materializing technologies like artificial intelligence, blockchain, big data, the internet of things, etc.

Presently, the mobile telecommunications market of Bangladesh comprises four players, out of which three are in the private sector, namely Grameenphone, Robi, Banglalink, and one is a public sector company, Teletalk. In Bangladesh, telecom services are broadly segregated into three main categories, 'Voice Calls', 'Internet Data' and Value Added Services (VAS). Voice and mobile internet services are the key driving forces of the telecoms industry of the country. Although the mobile industry is currently dominated by voice services, the demand for mobile internet is witnessing exponential growth. The number of unique subscribers expanded from 47 million in 2010 to 100 million in 2023, exhibiting an increase of over 112%. For the first time, the number of active mobile subscribers crossed 190 million. At the end of 2023, Bangladesh had a unique subscriber penetration of 57.76%, and a total connection penetration of 107.93% with 190.46 million connections, with some users owning multiple connections. Total mobile internet subscribers stand at 118.49 million with a penetration of 66.81%, whereas unique mobile internet penetration is 33.26%. It is observed that in 2023, the active mobile subscribers increased by 10.6 million (5.9%), and at the same time active mobile internet subscribers increased by 5.94 million (5.3%). The progression indicates the high potential of the market provided it gets to operate in a conducive environment. Looking ahead, digital technologies, mobile, will be crucial to implementing the 2041 Perspective Plan, achieving the SDGs and recovering economically in the aftermath of the pandemic which will eventually facilitate the steady development of telecommunication sector.

The next decade will be a crucial period for Bangladesh, as the government takes steps to achieve the development objectives of the 8th FYP, the 2041 Perspective Plan and the UN SDGs. Designing new products, high quality infrastructure for superior services and prices while satisfying the needs of user groups whose expectations is in commensurate to the global standard will be the next challenge for Telcos. Also, expansion and upgradation of the existing network infrastructure will be a pressing requirement to keep pace with this new demand trend as the new competitors (ISP providers) have becoming prominent. So, the role of high-quality communication infrastructure will be very important for the upcoming days. As Country is moving towards to achieve its digitalization goals there have been substantial development in the telecom industry and ICT sector. There were some major developments and reforms in the local telecom industry and implementation of some major reforms are in progress. However, the full potential of mobile technologies cannot be realized without the active participation of governments and regulatory authorities, working together with the private sector to enable vibrant, competitive markets and to help shape the digital environment.

BUSINESS & OPERATING RISK ANALYSIS

Total number of subscribers of Robi has been increasing over the years and stood at 58.67 million at the end of December 2023. Robi has been leading the industry as the second largest telecom company in the country over a long period of time. During the period under surveillance, Robi demonstrated high operational resilience that helped to outperform competition with 7.85% (4.27 million) subscriber growth in 2023 when total market increased by 10.62 million. Robi also reported 1.36% growth in 2022 when overall market declined by 0.46%. Robi has been continuously upgrading its network and service as a result the subscriber base also continued to increase over the years. Apart from the existing product line under prepaid mass, diversified offering through data card and internet under Value added service enables Robi to amplify its revenue base through increasing subscribers.

Following the increase in subscriber base revenue increased by 15.8% during the same period. Robi's ARPU increased to BDT 142 in 2023 compared to BDT 127 in 2022 registering 11.8% growth, contributing in high revenue growth during the same period. AMPU declined to 156 minutes in 2023 which was 163 minutes in 2022. This AMPU decrement is primarily attributed to the fact of faster OTT adoption and increase in internet usage. Although declaration of the leading telecom company as the operator with Significant Market Power (SMP) on 10 February 2019 under the Bangladesh Telecommunication Regulatory Commission (Significant Market Power) Regulations, 2018 published on 14 November 2018 created slight opportunity for other telecom operation

especially Robi in acquiring new subscribers and increase further market share, it had little impact on the subscriber growth.

Table: Comparative Subscriber growth among the telecom operators

| Companies | Y-to-Y Growth in subscriber base | As of 31/12/2023 | | As of 31/12/2022 | |
|---|----------------------------------|-----------------------|----------------|-----------------------|----------------|
| | | Subscriber in Million | Market Share | Subscriber in Million | Market Share |
| Grameenphone Ltd. (GP) | 3.67% | 82.27 | 43.08% | 79.29 | 46.11% |
| Robi Axiata Limited (Robi) | 7.85% | 58.67 | 30.75% | 54.4 | 29.65% |
| Banglalink Digital Communications Limited | 9.22% | 43.48 | 22.79% | 39.81 | 20.56% |
| Teletalk Bangladesh Ltd. (Teletalk) | -3.44% | 6.46 | 3.39% | 6.69 | 3.68% |
| Total | 5.89% | 190.81 | 100.00% | 180.19 | 100.00% |

*Source: BTRC

The increasing trend of browsing the Internet via handsets by the subscribers of Robi makes the Company one of the largest providers of Internet access in the country. By the end of 2023, Robi's active subscriber base reached 58.67 million, including 44.70 million (76.2%) active internet users. CRAB expects consumers to continue to demand faster and more reliable internet connection as video becomes more embedded in social media applications and consumers increasingly watch TV online and particularly increasing trend of online classes as well as official meeting which eventually contributed to revenue growth. Robi has been investing over the years to enhance its distribution network comprising customer care centers, proprietary shops and non-exclusive distributors which facilitates the customers to get easy access for resolving their issues as well as Robi with broad access to the market through various channels. The increasing number of customer care centers along with efforts to improve more customer satisfactions, increasing institutional and postpaid customer base, extensive Value-Added Services, affordable pricing plans and efforts to provide quality internet services can be developed to support the Company to grow at a higher rate in the upcoming year.

Given the level of competition and technology intensive nature of the industry, aggregate capital spending for infrastructure development and cope up with rapid technological changes required capital expenditure. Robi reported total asset addition (property, plant & equipment) of BDT 42,829.55 million in 2023 (BDT 30,605.46 million in 2022) with asset addition to sales ratio of 43.1% in 2023. Alternatively, there might be a business cost for failing to quickly adopt new technology before competition erodes the incumbent's position. So, the important features are the duration of development and introduction cycles for major technologies, which is assessed for its likely impact on product competitiveness.

OWNERSHIP & MANAGEMENT EVALUATION

Total authorized capital of the Company was BDT 60,000.0 million and total paid up capital of the Company was BDT 52,379.3 million as of 31 December 2023 where Axiata Investments (Labuan) Ltd was holding major controlling shares of 61.82% followed by Bharti International (Singapore) Pte Limited (28.18% of shares). Other shareholders include Network I2I Limited, Bharti Airtel International (Mauritius) Limited, Bharti Airtel International (Mauritius) Investments Limited and Bharti Airtel Holding (Mauritius) Limited having 10 shares each as of 31 December 2023.

Table: Shareholding Position of Robi Axiata Limited as of 31 December 2023

| Name of Shareholders | Number of Shares held in 000 | % of total shareholding |
|---|------------------------------|-------------------------|
| Axiata Investments (Labuan) Ltd | 3,238,304.10 | 61.82% |
| Axiata Group Berhad | 0.9 | 0.00% |
| Bharti International (Singapore) Pte. Limited | 1,475,834.95 | 28.18% |
| General public and Employees of the Company | 437,034.39 | 8.34% |
| Other Shareholders | 40 | 0.00% |
| Total Shareholdings | 5,237,932.90 | 100.00% |

The Board of Directors (Board) of Robi is the ultimate decision-making and approving body of Robi. In executing their responsibilities, the Board shall act in the best interest of Robi and be guided by the Board terms of

reference, Memorandum and Articles of Association, relevant laws and regulations and Robi's policies and procedures. Through powers delegated by the Robi Board, Management of Robi is led by the CEO who is assisted by the following Committees:

Board Audit Committee ("BAC") - The Board Audit Committee is made up of Non-Executive directors nominated by Axiata Investments (Labuan) Limited, Independent Director, Nominated Director of Bharti International (Singapore) Pte. Limited to monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the internal audit and compliance plan and review of the internal audit and compliance report. The Independent Director, Nasir Uddin Ahmed, acts as Chair of the Committee. A total of six Board Audit Committee Meetings were held during 2023.

Nomination and Remuneration Committee ("NRC") - This committee comprised of at least Three (3) members, two non-executive directors and one Independent Director to deliberate and decide on behalf of the Board of Directors of the Company on all matters pertaining to the recruitment and compensation comprising salary, bonus and increment for the Executive Directors including the Chief Executive Officer. The NRC also considers other topics as determined by the Board. The committee meets as and when required with quorum of two (2) members.

Board Risk and Compliance Committee (BRCC) - Mr. Nik Rizal Kamil Nik Ibrahim Kamil (Nominee Director of Axiata Investment (Labuan) Ltd) is the BRCC Chairperson along with members from Axiata and Bharti. Executive Vice President, Risk & Compliance being the Head of Risk and carry out the responsibilities as the BRCC Secretary and CFO, CSO, CIO, CTO and CCRO are the permanent invitees. The core objective of this sub-committee is to assist the Board in fulfil filling its responsibilities with regards to risk and compliance management. The BRCC will also ensure that Robi's Risk register is kept current, advice the Board on the strategic direction, tone from the top and implement appropriate training and development exercises in all areas under its mandate.

Management Audit Committee ("MAC") - The Committee consisting of members of both the Management and Internal Audit Committee. The Committee is chaired by the Chief Executive Officer of Robi. The role of the committee is to support the BAC. The Committee investigate, take action and reply on the Audit Findings, follow-up actions on the shortcomings, to oversee all the risk of the company. The Committee sits quarterly to review the status.

Management Council ("MC") - The MC comprise of the Company's all CXOs, while Head of Internal Audit and Compliance is permanent invitee without voting right, to discuss and approve strategic and operational matters including marketing plans, campaigns, review of the Organization structure, performance-based reward, product launches, policy review, disciplinary issues, HR matters, tender over LOA, MC sits every week.

Extended Management Council ("e-MC") - This team comprises all members of MC and 2nd tier of management of each division for regularly Communication & Discussion on strategic company matters.

Risk Steering Committee ("RSC") - This committee comprises but not limited to the members of the Senior leadership team to review the risk profile and status of the mitigation plan and to decide on any corrective plan/amendment to mitigate plans to improve risk profile. CEO is the Chairman of the committee while Executive Vice President, Risk & Compliance is the Secretary. The committee usually sits four (4) times in a year and as and when required.

Business Operations Committee ("BOC") This Committee comprises Robi Second tier leaders (as nominated by MC). BOC has been formed to facilitate operational decisions including Capex matter to support MC in devoting more time and focus on strategic and critical issues. The Committee is supposed to sit minimum once a week and reports to MC on monthly basis or as and when required basis.

Sponsorship Evaluation Committee (SPONECOM) This Committee comprises Robi second tier leader (as nominated by MC). The committee is to review and recommend Sponsorship proposals in line with Sponsorship Guideline, Robi LOA and Procurement Procedure as applicable.

Procurement Steering Committee (PSC). This Committee consists of Robi CEO, CFO, respective divisional CXO and Acting Head of Supply Chain Management. The CEO hold the position of Chairman. This committee is to evaluate proposals, quotations, recommend and approve the award for the supply of the goods and services.

The Human Resources Division is geared to meet human resource development and training needs. In spite of its multinational characteristics, it emphasizes more on building local expertise in the telecommunication sector. Some of the leadership development plans include: training, coaching, mentoring, new tasks/project work, job rotation, and others.

The Board is comprised of Directors, including the Chairman who is elected from amongst the members. In compliance with the conditions of Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC), the Board has appointed two (2) Independent Directors. The AoA requires the Board to meet at least four times a year and otherwise when duly called for in writing by a Board member or Shareholder.

Table: Board of Directors

| Name | Designation |
|---|-----------------------------|
| Mr. Vivek Sood | Chairman & Nominee Director |
| Nik Rizal Kamil Nik Ibrahim Kamil | Nominee Director |
| Dr. Shridhir Sariputta Hansa Wijayasuriya | Nominee Director |
| Mr. Randeep Singh Sekhon | Nominee Director |
| Mr. Soumen Ray | Nominee Director |
| Mr. Rajeev Sethi | Nominee Director |
| Mr. Nasir Uddin Ahmed | Independent Director |
| Prof. M. Sadiqul Islam | Independent Director |

FINANCIAL RISK ANALYSIS

Revenue of Robi increased to BDT 99,422.6 million in 2023 from BDT 85,859.7 million in 2022 registering 15.8% growth following 5.4% growth in the previous year. The steady revenue growth is attributed to the increased data usage and data user along with 9.0% voice revenue growth assisted by growing subbase and voice price optimization. Data revenue reported highest growth (28.2%) and reached to BDT 39,865.7 million in 2023 following the increase in data usage/sub well supported by enhanced network investment and continued 4G user adoption. Robi's strong customer-centric pledge and constant network investments to provide enhanced data coverage and capacity, continued 4G user adoption paired with innovative and predictive customer offerings, resulted in stellar success that also delivered exemplary data growth in 2023. Usage/sub stands at 6,558 MB/month in 2023 which was 5,504 MB/month in 2022. Growth in data volumes reflects the digital adoption, ascribed to the growing dependence on data for entertainment, education, learning and business enhancement purpose. Moreover, the AMPU is comparatively slow compared to earlier position which is also an industry trend due to faster OTT adoption and customers' affinity for data.

Table: Category wise revenue breakup

| Particulars | 31/12/2023 | | | 31/12/2022 | | | 31/12/2021 | | |
|--------------|-----------------|---------------|--------------|-----------------|---------------|-------------|-----------------|---------------|-------------|
| | Mil. BDT | % | Growth | Mil. BDT | % | Growth | Mil. BDT | % | Growth |
| Voice | 48,103.0 | 48.4% | 9.0% | 44,140.0 | 51.4% | 9.0% | 40,512.2 | 49.8% | 7.8% |
| Data | 39,865.7 | 40.1% | 28.2% | 31,091.1 | 36.2% | 2.2% | 30,434.0 | 37.4% | 11.8% |
| VAS | 1,887.3 | 1.9% | -16.0% | 2,246.5 | 2.6% | 3.7% | 2,167.2 | 2.7% | -32.4% |
| Others | 9,566.6 | 9.6% | 14.1% | 8,382.1 | 9.8% | 0.9% | 8,311.3 | 10.2% | 9.1% |
| Total | 99,422.6 | 100.0% | 15.8% | 85,859.7 | 100.0% | 5.4% | 81,424.6 | 100.0% | 7.6% |

Profitability position of the Company marginally increased in 2023 following the bounced back in 2022 which declined in 2021. Although the gross profit margin is comparatively healthy it was not reflected in the bottom-line profit margin due to increased operating expenses as well as high financial expenses. Depreciation and amortization also increased due to incremental amortization for the spectrum acquired/renewed with shorter license period, additional amortization cost of new 2600 band, continued network investment expanded geographic coverage and cater capacity demand to maintain quality service which eventually resulted in 17.3% operation profit irrespective of 38.7% gross profit margin. Moreover, BDT 6,522.4 million financial expenses and BDT 1,654.1 million foreign currency loss substantially eliminates the operating profit in 2023.

Due to its business model, it has a very low level of inventory and receivable, but Robi exercises its bargaining power with its payables and thus its current liabilities usually showed higher than the current assets. But positive cash flow from assets eased its liquidity position to some extent. In line with the nature of industry, Robi has higher amount of payables (trade and other payables) which heighten the payment deferral period and because of the reason, their Current Liability is higher than Current Assets resulted in low current and quick ratio.

Total shareholders' equity of the Company has been increasing over the years and stood at BDT 66,815.9 million in 2023 mainly in the form of retained earnings when current year's profit partially offset by declaration of dividend. The borrowed fund had an increasing trend over the years which declined during the last two years, following operating efficiency when long term borrowed fund declined substantially. Therefore, leverage position remains low and almost stable led by 0.2x debt ratio in 2023 (0.3x in 2022). Coverage indicators improved reflected in 0.3x borrowed fund to EBITDA ratio and 220.5% FFO to debt ratio in 2023 revealing favourable credit risk profile. As telecom industry is inherently capital intensive and require regular capital expenditure commitments which are usually long term in nature while large dependence on short-term borrowings to fund long-term investment may increase refinancing risk for the Company.

CREDIT FACILITIES & COLLATERAL RISK

Robi Axiata Limited has short-term credit facilities with 14 banks; one dollar denominated long term credit facilities. Robi has long term loan facility from IFC which outstanding was US\$ 76.0 million as of 31 December 2023 and Dutch-Bangla Bank Ltd which outstanding was BDT 2,000.0 million. Robi has short term loan limit with 12 banks having total limit of BDT 49,939.0 million where fund-based loan outstanding was BDT 3,834.0 million as of 31 December 2023. As per information received from the banks the Company has a very satisfactory relationship and loan repayment performance.

The details of credit facilities are provided in Appendix-1.

APPENDIX -1: DETAILS OF CREDIT RATING & CREDIT FACILITIES (MILL. BDT)
DETAILS OF CREDIT RATING

| Particular | Rating |
|--|----------------------|
| Robi Axiata Limited | AA ₁ |
| US\$ 76.0 million Long Term Outstanding (Foreign) | AA ₁ (Lr) |
| BDT 2,000.0 million Long Term Outstanding (Local) | AA ₁ (Lr) |
| BDT 49,939.0 million aggregate Funded and Non-Funded limit | ST-1 |
| Outlook | Stable |

Lr - Loan rating; ST - Short Term

| Loan type | Funded/Non Funded | Bank | Facilities | Limit | Outstanding* | Expiry |
|------------|---------------------|---|---------------------|-----------------|----------------|------------|
| Long Term | Funded | IFC | Term Loan (US\$) | 95.0 | 76.0 | 15/12/2027 |
| | | | Total (US\$) | 95.0 | 76.0 | |
| Long Term | Funded | Dutch-Bangla Bank PLC. | Term Loan (BDT) | 6,000.0 | 2,000.0 | 19/06/2025 |
| | | | Total (BDT) | 6,000.0 | 2,000.0 | |
| Short Term | Funded & Non Funded | Standard Chartered Bank | Short Term Loan | 8,100.0 | 1,500.0 | Continue |
| | | Eastern Bank PLC. | Short Term Loan | 7,800.0 | - | In review |
| | | Dhaka Bank PLC. | | 1,000.0 | - | In review |
| | | BRAC Bank PLC. | Short Term Loan | 9,500.0 | - | In review |
| | | Mutual Trust Bank PLC. | Short Term Loan | 2,000.0 | - | In review |
| | | One Bank PLC. | Short Term Loan | 3,500.0 | - | In review |
| | | The City Bank PLC. | Short Term Loan | 3,500.0 | - | In review |
| | | Citi | Short Term Loan | 3,655.0 | 1,500.0 | In review |
| | | Jamuna Bank PLC. | Short Term Loan | 6,350.0 | - | In review |
| | | Dutch-Bangla Bank PLC. | Short Term Loan | 1,500.0 | - | In review |
| | | Prime Bank PLC. | Short Term Loan | 2,000.0 | - | In review |
| | | Community Bank PLC. | Short Term Loan | 200.0 | - | In review |
| | | Woori | Short Term Loan | 834.0 | 834.0 | In review |
| | | Total (Short Term Funded and Non Funded) | | 49,939.0 | 3,834.0 | |

Note:

* Credit facilities are as of 31 December 2023.

* Outstanding is only for fund-based loan. Apart from Short term fund based outstanding, Robi has also utilized LC facilities of BDT 6,417.4 million and BG facilities of BDT 2,917.4 million as of 31 December 2023

APPENDIX - 2: PARTICULARS OF PREVIOUS RATING

| Date of rating | Entity Rating | Long Term Loan Rating | Short Term Loan Rating | Outlook |
|----------------|-----------------|-----------------------|------------------------|---------|
| 13/04/2023 | AA ₂ | AA ₂ (Lr) | ST-1 | Stable |
| 19/04/2022 | AA ₂ | AA ₂ (Lr) | ST-1 | Stable |
| 25/01/2021 | AA ₂ | AA ₂ (Lr) | ST-1 | Stable |
| 20/03/2020 | AA ₂ | AA ₂ (Lr) | ST-1 | Stable |
| 03/03/2019 | AA ₂ | AA ₂ (Lr) | ST-1 | Stable |

APPENDIX-3: KEY FINANCIAL INDICATOR OF ROBI AXIATA LIMITED (MIL. BDT)

| Period | 31/12/2023 | 31/12/2022 | 31/12/2021 | 31/12/2020 |
|---|------------|------------|------------|------------|
| Revenue | 99,422.6 | 85,859.7 | 81,424.6 | 75,642.7 |
| Revenue Growth (%) | 15.8 | 5.4 | 7.6 | 1.1 |
| CoGS as % of Revenue | 61.3 | 62.5 | 66.3 | 62.6 |
| EBITDA | 44,279.9 | 35,604.2 | 32,990.3 | 31,985.0 |
| EBITDA Margin (%) | 44.5 | 41.5 | 40.5 | 42.3 |
| Net Profit after tax | 3209.6 | 1827.2 | 1803.4 | 1553.6 |
| Gross Profit Margin (%) | 38.7 | 37.5 | 33.7 | 37.4 |
| Operating Profit Margin (%) | 17.3 | 15.7 | 11.4 | 13.9 |
| Net Profit (after tax) Margin (%) | 3.2 | 2.1 | 2.2 | 2.1 |
| Return on Average Asset (%) | 1.5 | 0.9 | 0.9 | 0.8 |
| Return on Average Equity (%) | 4.8 | 2.7 | 2.7 | 2.5 |
| Current Ratio (x) | 0.2 | 0.2 | 0.2 | 0.3 |
| Quick Ratio (x) | 0.2 | 0.2 | 0.2 | 0.3 |
| Inventories | 495.3 | 503.9 | 350.8 | 155.9 |
| Average Inventory Processing Period (Days) | 3 | 3 | 2 | 2 |
| Accounts Receivables | 7,709.9 | 7,383.4 | 8,146.6 | 7,365.6 |
| Average Receivable Collection Period (Days) | 28 | 34 | 35 | 37 |
| Total Payables | 54,394.3 | 44,837.8 | 50,102.8 | 47,711.8 |
| Average Payable Payment Period (Days) | 298 | 324 | 331 | 347 |
| Operating Cycle (Days) | 31 | 37 | 37 | 39 |
| Cash Conversion Cycle (Days) | -267 | -287 | -294 | -308 |
| Total Equity | 66,815.9 | 67,126.5 | 66,207.6 | 65,956.1 |
| Total Liability | 152,187.7 | 130,148.1 | 141,386.8 | 133,508.7 |
| Total Assets | 219,003.7 | 197,274.6 | 207,594.4 | 199,464.9 |
| Total Borrowed Fund | 14,478.6 | 20,245.7 | 57,630.7 | 58,753.9 |
| Total Long Term Borrowed Fund | 7,641.2 | 10,085.5 | 45,352.9 | 42,850.4 |
| Fund Flow from Operation (FFO) | 31,929.1 | 26,866.0 | 25,721.1 | 23,073.0 |
| Cash Flow from Operation (CFO) | 39,617.2 | 22,193.3 | 31,205.7 | 28,019.2 |
| Total Liability to Total Equity (x) | 2.3 | 1.9 | 2.1 | 2.0 |
| Total Borrowed Fund to Total Equity (x) | 0.2 | 0.3 | 0.9 | 0.9 |
| Total Borrowed Fund to EBITDA (x) | 0.3 | 0.6 | 1.7 | 1.8 |
| FFO to Total Borrowed Fund (%) | 220.5 | 132.7 | 44.6 | 39.3 |
| CFO to Total Borrowed Fund (%) | 273.6 | 109.6 | 54.1 | 47.7 |
| EBIT to Interest Expense (x) | 2.4 | 1.8 | 2.2 | 2.1 |

CRAB RATING SCALES AND DEFINITIONS -Long Term (Corporate)

| Long Term Rating | Definition |
|------------------------------|--|
| AAA Triple A | Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk. |
| AA1, AA2, AA3* Double A | Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk. |
| A1, A2, A3 Single A | Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk. |
| BBB1, BBB2, BBB3 Triple B | Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics. |
| BB1, BB2, BB3 Double B | Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk. |
| B1, B2, B3 Single B | Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk. |
| CCC1, CCC2, CCC3 Triple C | Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk. |
| CC Double C | Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest. |
| C Single C | Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest. |
| D (Default) | D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized. |

**Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS
(All loans/facilities with original maturity exceeding one year)

| RATINGS | DEFINITION |
|---|--|
| AAA (Lr) (Triple A) Highest Safety | Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility. |
| AA (Lr)* (Double A) High Safety | Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities. |
| A (Lr) Adequate Safety | Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories. |
| BBB (Lr) (Triple B) Moderate Safety | Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories. |
| BB (Lr) (Double B) Inadequate Safety | Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations. |
| B (Lr) High Risk | Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal. |
| CCC (Lr) Very High Risk | Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favorable circumstances continue. |
| CC (Lr) Extremely High Risk | Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support. |
| C (Lr) Near to Default | Loans/facilities rated C (Lr) are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C (Lr) is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest. |
| D (Lr) Default | Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates. |

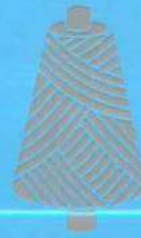
*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS
(All loans/facilities with original maturity within one year)

| | DEFINITION |
|---------------------------------|--|
| ST-1 Highest Grade | This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong. |
| ST-2 High Grade | This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher. |
| ST-3 Adequate Grade | This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories. |
| ST-4 Marginal | This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances. |
| ST-5 Inadequate Grade | This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions. |
| ST-6 Lowest Grade | This rating indicates that the loans/facilities are expected to be in default on maturity or is in default. |

© Copyright 2024, CREDIT RATING AGENCY OF BANGLADESH LIMITED ("CRAB"). All rights reserved. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT CRAB'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by CRAB from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and CRAB, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall CRAB have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of CRAB or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if CRAB is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY CRAB IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

CREDIT RATING REPORT



CREDIT RATING AGENCY OF BANGLADESH LTD.

■ **CORPORATE OFFICE**

DH Tower, 6 Panthapath, Level 15
Dhaka 1215, Phone 55013681-84
Hunting : 09613000011
Fax: 55013679
email: info@crab.com.bd

■ **CHATTOGRAM OFFICE**

Excel SM Tower, Level 1, 62 Zakir Hossain
Road, GEC (Garibulla Shah Mazar Road)
Khulshi, Chattogram 4202.
Phone: 02 3333 52021, 02 3333 52022
email: info@crab.com.bd

■ **BOGURA OFFICE**

Sobi Villa (3rd Floor) (In front of Independent
General Hospital) 981/1, S Chattergy Lane
Jaleswaritola Bogura.
Phone: +8802589903818
email: info@crab.com.bd

■ **SYLHET OFFICE**

House No: 512, Asma Monzil
Lamapara, Shibgonj, Sylhet-3100.
Cell: 01712 297036
email : info@crab.com.bd