

Message from the Chair and the CEO




CEO
Yasir Azman


Chair
Petter Boerre Furberg

Dear Shareholders,

Grameenphone has delivered solid business growth and performance, mainly driven by our customer-centric modernisation initiatives and efficient operations in 2019. We started 2019 with planned strategic investment and delivered healthy business performances and focused growth despite regulatory challenges and restrictions routed from incorrect audit report of BDT 125.8 billion (BDT 12,580 crore) by the Bangladesh Telecommunication Regulatory Commission (BTRC). We have been in continuous engagement with the authorities with a view towards finding an amicable and transparent resolution that can help us maintain our quality of service, enrich our service propositions for the customers' and continue playing the catalyst role in the growth and digitalisation momentum of Bangladesh. Heightened competition in the market, coupled with the arbitrary impositions on Grameenphone, strengthened the organisational capability, agility, and innovation of our Winning Team!

Beside solid financial performance in a challenging environment, Grameenphone continued on its social commitment through the expansion of the Child Online Safety initiative in collaboration with UNICEF and Telenor AS, as well as taking more responsibility for the reduction of its carbon emissions from its own operations. We have further strengthened our commitment to establish a sustainable supply chain. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption. Grameenphone has been working closely with the local community of developers, innovators and start-ups outside through a platform called "GP Accelerator". Grameenphone have been supporting Bishwo Shahitto Kendro (BSK) in different programmes, and in recent years, the associated programmes are supporting Prize Giving Ceremony of Nationwide Enrichment Programme and Establish and support Alorpathshala.org (digital library).

The Company reported total revenue of BDT 143.7 billion in 2019, registering an 8.1% annual growth. During the year, data revenue grew by 17% while voice revenue grew by 8.5%. Increased operating expenses were offset through robust control and operating cost efficiencies, resulting in an increased operating profit of BDT 9.9 billion, or a 17.4% growth, from the previous year.

Profit before Tax for 2019 also saw an increase to BDT 9.1 billion from last year, partly offset by a higher tax expense of BDT 7.9 billion from higher Profit Before Tax, tax provision for non-deductible expenses and adjustments during the year. The net profit margin for 2019, however, dropped 2.5% points to 24.0% compared to 2018. The Company experienced a Net Profit After Tax growth of BDT 1.2 billion in 2019. With margin growth offset against corresponding expenses and taxes, Earnings Per Share (EPS) for the year 2019 stood at BDT 25.56 against BDT 24.71 in 2018.





Despite the heightened challenges from regulations and market competition, Grameenphone geared up and delivered a healthy revenue through innovation and execution, which has positively impacted shareholders' returns. It is our pleasure to announce that the Board of Directors of Grameenphone Ltd. has recommended a final dividend for the year 2019 in cash at the rate of 40% of the paid-up capital (i.e. BDT 4.0 per share of BDT 10 each). With this, the total cash dividend stands at 130% of paid-up capital, amounting to 50.86% of Profit After Tax for the year 2019 (including 90% interim cash dividend).

Grameenphone has invested BDT 365.6 billion in Bangladesh since its inception. Additionally, in 2019, Grameenphone contributed BDT 85.05 billion to the National Exchequer in the form of taxes, VAT, duties, fees and 4G license and spectrum assignment, representing 59.2% of Grameenphone's total revenue for the year. Total contribution to the National Exchequer since inception amounted to BDT 745.5 billion at the end of 2019.

Grameenphone was able to record steady subscriber growth, ending 2019 with a 76.5 million customer base, up 5.1% from last year. Data subscriber growth had been encouraging, and a growing number of people upgraded their handsets to 4G-enabled devices. 11.9 million 4G subscribers were added through 2019 in part due to ready access to new digital services and applications over Grameenphone's high-speed 4G/LTE data network. Significantly, at the close of 2019, 40.6 million, or 53.1% of Grameenphone's entire subscriber base, were high-speed data users. This growing data users and adoption on our network is a further testament to our customers' confidence in us to meet their high expectations consistently.

Promising growth in data subscribers was fuelled by the Company's commitment to the network. Even within an environment of arbitrary restrictions including that on the import of equipment since July 2019, Grameenphone managed to implement and rollout almost all its growth drivers. By the end of 2019 Grameenphone's entire network has been data enabled with 3G, 4G, or both technologies. For the second consecutive year, Grameenphone was recognised as the fastest data network in the country by Ookla. Moreover, within two years of launch, almost 50% of the total national data volume is carried over Grameenphone's 4G network.

As a connectivity and eco-system partner, we have pressed forward in the digital space, focusing on innovation, relevance, and customer engagement and convenience. We have made steady strides in our online recharge capabilities throughout all digital channels. Among others, highlights were the roaming data and mixed packs for roaming customers, the introduction of 4G handsets at the lowest market price, and the device micro-financing programme that helped drive digital inclusion.

We are aware of our impact on the eco-system in which we operate. We have worked hard to establish rules of engagement that builds trust, is inclusive, and creates value for all our stakeholders. By taking responsibility for customers' privacy and sustainability, we continue to protect customers' data, establish an inclusive workplace for our people, build a compliant supply chain, empower our society to realise the benefits of digital connectivity while minimising our environmental footprint.

Looking ahead, we believe Grameenphone sets the right direction towards focused growth, modernisation, and innovation to serve customers better and make a difference by responsible business conduct. We will continue investing in the country and building a strong network and distribution eco-system to drive the national vision of a Digital Bangladesh as well as deliver value to our shareholders and our customers.

Finally, we extend our gratitude to our Board of Directors for their continued guidance and active engagement. We also extend our appreciation to the Shareholders for their co-operation and support. We are grateful to our customers for their trust in the Grameenphone network and services because, without their patronage, we would not be a family of more than 76 million.

Our sincere thanks to the Management Team and Grameenphone employees for their tireless efforts and achievements. We sincerely look forward to welcoming you to our 23rd Annual General Meeting (AGM).

01 February 2020

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