

Business Review - 2012

A YEAR OF MODERATE GROWTH

2012 ended with number of achievements despite fierce market competition and regulatory uncertainties. In the year, GP got its operating license for 2G services for the next 15 years after a long delay.

Despite challenges from various corners, we added a total of 3.5 million subscribers to our network in 2012. As a result, our subscriber base reached 40.02 million at the end of the year and we continued to remain the most preferred operator with 41.2% market share.

GP earned BDT 9,192 crore revenues in 2012 with a 3.2% rise, compared to the previous year. Net profit after taxes for 2012 was BDT 17.5 billion with 19.0% margin compared to BDT 18.9 billion with 21.2% margin of 2011. Lower net profit for this period was mainly due to recognition of amortization cost of 2G License, notional interest cost on payments of 2G License fees and interest payments on borrowings. Underlying net profit excluding above impacts, however, shows positive development from last year as a result of continuous cost efficiency measures and top line growth.

The Company has so far invested BDT 213.4 billion (BDT 21,343 crore) for network expansion, upgradation and 2G license & spectrum fees since its inception in 1997. In 2012 GP invested BDT 12.6 billion (BDT 1,263 crore) to retain its preferred network position. With that GP still remains the largest cellular network in the country, covering 99.16% of the population and more than 89.10% of land areas.

INNOVATION IN PRODUCTS AND SERVICES

On the back of our “Customer-centric” drive, we continued our efforts to bring innovation and excellence in our products and services to offer new experiences to our customers.

To improve consumer value proposition and to remain competitive in the market, GP introduced attractive products in 2012.

An amazing package of GP was “25 Paisa Offer”, which enables GP prepaid subscribers to talk for 40 minutes at BDT 10 (excluding VAT) only and enjoy the effective call rate of 25 paisa/minute to any GP number.

GP also introduced a unique offer named “Wholesale Recharge”. A customer needs to recharge BDT 25 or more to avail the special call rate of 7 paisa/10 second from 12am-4pm for any GP-GP call.

Two other major products were “Nishchinto” and “Amontron”. Nishchinto gives the users the opportunity to make any local voice calls, with a call rate of 15 paisa/10 second. Customers also enjoy 20% instant money back on local voice call usage. Amontron gives the facility to talk to other operators at a call rate of 11 paisa/10 second round the clock. In addition, our product “Bondhu” has been very popular with 1 super FnF number within GP network with a call rate of 5 paisa/10 second and 9 FnF numbers for any operator.

In line with a regulatory decision, GP also completed the migration of all its customers to the new tariff plans built on 10-second pulse for all voice and IVR calls independent of all packages.

To make mobile handsets affordable to rural customers, Grameenphone partnered with Symphony to offer Symphony B3 handsets with GP's new connections at a very attractive price.

As the people around the country are becoming more internet savvy, Grameenphone took another initiative with Symphony to make Tablet computers available at a very affordable price.

CUSTOMER FIRST

Being the largest telecom family, with customer centricity at the core of its heart, GP observed “Customer First Day” on November 05, 2012. More than 1,000 employees of the Company, including its management members, went out to the markets to attend customers directly and get closer to people who use GP services. The day was celebrated across all Telenor Business Units, to know what people think about their service standards and to better understand the expectations of the customers.

PREPARING THE NATION FOR THE INTERNET ERA

GP in collaboration with the leading Bangla daily newspaper Prothom Alo launched the second round of ‘Grameenphone-Prothom Alo Internet Utshab’, a sequel to the immensely successful program that began in 2011. It is an initiative to empower the youth with one of the biggest power tools- the internet. In 2012, the initiative delved further by hosting 120 events in schools and colleges of divisional cities as well as those in rural and semi-urban areas.

The Ministry of Education and Support to Digital Bangladesh (A2I) Project, Prime Minister's Office, have endorsed the program in view of its potentials in contributing to building ‘Digital

Bangladesh'. Other brand giants such as Google, Wikipedia, Facebook, Opera and Nokia also proudly backed this grand initiative.

To spread the power of knowledge and promote the Bangla version of Wikipedia, GP also came up with an initiative to enable Opera Mini users to access all the contents of Bangla Wikipedia. GP also signed agreement with the Ministry of Education to supply, service and install 20,500 internet modems to set up multimedia classrooms in around 20,000 educational institutions across the country.

A JOURNEY TOWARDS FINANCIAL INCLUSION

As more and more people are getting used to mobile phones and the government aims to strengthen financial inclusion by bringing more people in the mainstream banking, GP in association of bKash, an initiative of BRAC Bank, launched bKash mobile financial services for the customers. The service enables a GP customer to access and enjoy mobile financial services like money transfer and payment from his or her mobile handset, from anywhere in Bangladesh.

GP also signed an agreement with Dutch-Bangla Bank Ltd. (DBBL) to provide DBBL Mobile Banking Services to its customers, who can use it directly from their handsets by utilizing a fully managed selective network of GP Mobicash agents.

WIDENING THE REACH TO REMOTE AREAS

To increase its engagement with all segments of customers and communities, GP organized and sponsored a number of festivals in different remote areas of the country throughout the year. One of such festivals was Rajpunnah, which is the

traditional royal festival of the tribal Bomang community in Bandarban, to uphold the tradition and customs of the indigenous people.

GP also organized a two-week Jasim Polli Mela in Faridpur to commemorate the 109th birth anniversary of the renowned poet of Bangladesh, Jasimuddin. GP also sponsored a seven-day Sultan Mela in Narail to mark the 87th birth anniversary of renowned artist SM Sultan and to cherish the local art and culture of Bangladesh.

STANDING BY THE COMMUNITY

As a responsible company, GP always stands beside the community and the environment through various sustainable programs.

GP partnered with Jaago Foundation to expand its venture named "Online Classroom" with the aim to ensure high quality education in both sub-urban and rural areas, the country's first online school being in Tongi as a pilot phase.

To bring dermatology care to rural communities, GP partnered with the Telemedicine Working Group of Bangladesh, where around 30% of the population suffers from a skin disease at one point during their lifetime. GP is conducting this pilot project at four of its Community Information Centers (CIC).

Another notable initiative is Special Olympics across the country. GP in association with Special Olympics-Bangladesh organized the 1st Special Olympic South Asian 5-A-Side Football Festival 2012 in May.

RECOGNITION OF ENDEAVOR

A number of awards in recognition of our continuous efforts to bring excellence have made the year very special for us.

GP won the Award for Best 'Presented Annual Reports-2011' in the communication and information technology sector from the Institute of

Chartered Accountants of Bangladesh (ICAB), for publishing transparent reports and maintaining high standards of Corporate Governance.

GP also received the "Emerging Market Service Provider of the Year" award at the 2012 Frost & Sullivan Asia Pacific ICT Awards for the second time for its efforts in delivering exceptional business performance.

Other recognitions were the prestigious Connected World Award for GP's SMS based "Mobile Health Tips" service at Connected World Forum, 'Best Employer Award 2012' in the telecom sector by bdjobs.com and "Best Investor Relations Award 2012" by the BRAC EPL Stock Brokerage Ltd.

OUR EXPECTATIONS

We have already built a future-proof network and upgraded our infrastructure to fulfill the expectations of our subscribers, who are all set to experience the charm of 3G technology. We have to win and win every day to give our customers the thrill and excitement that they dreamt for long. We are also constantly working to improve our regulatory climate. We have come a long way with successful resolution in some areas but we look forward to achieving more in this area.

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