

Message from the **CEO**

Grameenphone has passed the year 2012 with notable successes on different fronts despite various challenges and intense competition. We made progress in terms of both revenue and subscription growth, and remained as the preferred operator.



Dear Shareholders,

On behalf of the Management Team, I am pleased to report to you that Grameenphone (GP) has passed the year 2012 with notable successes on different fronts despite various challenges and intense competition. We made progress in terms of both revenue and subscription growth, and remained as the preferred operator.

A total of 3.5 million new subscribers were added to our network in 2012 and our subscription base reached 40.02 million to continue our lead with a 41.2% market share.

GP earned BDT 91.9 billion (BDT 9,192 crore) revenue in 2012 with a 3.2% rise compared to the previous year. The growth in revenue was mainly in voice, non-voice and data revenues due to subscription growth and revenues from adjacent businesses.

However, net profit margin for 2012 was 19.0% compared to 21.2% of 2011. Despite growth in operating profit margin, net profit after tax decreased by 7.3% mainly due to recognition of amortization cost of 2G license and spectrum fees, and notional interest expenses against payments of above fees.

During 2012, the Company contributed BDT 63.6 billion (BDT 6,359 crore) to the National Exchequer. Since its inception till December 2012, GP contributed a total of BDT 308.8 billion (BDT 30,876 crore) to the National Exchequer and remained one of the largest contributors for the last several consecutive years.

This year, GP took a massive initiative to revamp its product portfolio with three hero products (i.e. Bondhu, Amontron, Nishchinto) targeting three usage

segments under the theme of 'Clear Cut', making price plans simpler and competitive. Besides, we have also launched diversified promotional offers and innovative value-added services.

Our adjacent businesses such as GPIT, Wholesale Business and Financial Services also brought notable results for us. GPIT had been profitable in 2012. Wholesale Business retained the leading position by providing "Shared Telecom Infrastructure" to other operators and businesses. We have partnered with bKash and DBBL to offer financial services.

GP so far has invested BDT 213,435 million in network, which is currently covering 99.16% population. The network platform has been prepared for 3G and new technologies to win the business in future. Despite energy price hike, we have been able to achieve 42% energy cost saving. We also have built up 72 solar powered sites taking the total number to 162 at the end of 2012.

GP reshaped its Corporate Responsibility policy to create an ever-lasting impact on the community and to support sustenance of the projects by creating shared value. Tele Dermatology, Ensuring Safe Drinking Water through SMS Based Solution, Online School and Earth Hour are a few such projects.

Another bright spot was the Award for Best 'Presented Annual Reports-2011' in the communication and information technology sector given by the Institute of Chartered Accountants of Bangladesh (ICAB).

Despite the unpredictable regulatory regime and the VAT rebate issue being un-resolved till now, we want to move

ahead and keep growing to meet the expectations of our customers.

Finally, I would like to express my sincere appreciation to all our shareholders and stakeholders for helping us to make 2012 a success. As you have elevated us to new heights, we are proud to have your patronage and support in our journey towards further excellence and to "Go Beyond".



Vivek Sood
CEO

February 10, 2013