

CHAIRMAN AND CEO MESSAGE



Sigve Brekke
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Chairman

Rajeev Sethi
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Chief Executive Officer

Dear Shareholders,

Grameenphone (GP) has concluded yet another year of successes and accomplishments. We witnessed two landmark achievements in 2014 - reaching the 50 million subscribers mark and posting of BDT 100 billion in revenues. These two achievements had been possible mainly because of the Company's enduring commitment to offer innovative, value-for-money products and services.

We have experienced intense challenges and uncertainties throughout the year 2014. Telecom Regulatory environment continues to remain unpredictable and uncertain in the context of unresolved regulatory issues. Spectrum assignment in absence of a spectrum policy and roadmap had been a major concern. High taxation in the telecom sector and unpredictability in the taxation regime is considered to be a major barrier for expansion of the telecom industry.

In addition to other external challenges, the telecom sector also faced stiff market competition. Despite the pressures of the competitive environment, GP continued to focus on enhancing quality services, innovation and driving market expansion. In 2014, the Company maintained its competitive advantage in terms of scale by expanding its total subscriber base to 51.5 million, including adding 4.9 million 3G subscribers, representing a growth of 9.3% from 2013.

“ We witnessed two landmark achievements in 2014 that have created positive momentum for the Company.

“ We expect 2015 to be marked as a year to push ahead for growth through change.

Highlights 2014

- BDT 102.7 billion revenues, 6.3% annual growth.
- 51.5 million subscription base with 42.8% subscription market share.
- Net profit after taxes BDT 19.8 billion with 19.3% margin and BDT 14.67 EPS.
- BDT 15.2 billion capex for network quality and coverage enhancement.
- Final dividend recommendation @ 65% of the paid-up capital.

The Company made significant steps forward in its “Internet for All” ambition. The data business saw rapid growth, transforming data revenue into a major driver for operating revenue growth. We continued to attract more mobile internet customers in the year, reaching 10.8 million customers from a total base of 51.5 million, with data revenue contribution amounting to 5.2% of service revenues.

In terms of total revenue progression, 2014 was a year of good growth for GP. We closed the year on solid financial footing, with total revenue growing by 6.3% over 2013, to BDT 102.7 billion. EBITDA and the EBITDA margin were BDT 54.5 billion and 53.0% respectively, while operating cash-flow stood at BDT 39.4 billion at the end of 2014. This has placed the Company in a good position to deliver healthy Shareholders value for 2014. We are pleased to report that for the financial year 2014, we were able to give our Shareholders a 95% Interim Cash Dividend. The Board of Directors has also recommended 65% Final Cash Dividend for Shareholders' approval. Together, it will amount to 160% of the paid-up capital in terms of total dividend, which is equivalent to BDT 16 per share of BDT 10 each.

GP invested BDT 15.2 billion (BDT 1,516 crore) in 2014. These investments bring GP's accumulated investment in Bangladesh to around BDT 258.5 billion (BDT 25,852 crore) since inception. Meanwhile, we have contributed BDT 58.9 billion (BDT 5,892 crore) to the National Exchequer in 2014, which took our cumulative contribution to BDT 413.7 billion (BDT 41,368 crore) since inception.

With a focus on maintaining our industry lead in terms of customer satisfaction and network quality, we have further enhanced our product quality and services. We also focused on improving our customer service interface and customer experience.

In recognition of our efforts to positively impact environment and societies, we have received the prestigious global GSMA Mobile Award 2014 for our green initiatives, and a local award as Standard Chartered Bank-Financial Express CSR Award - for best CSR initiatives. The fact that others are acknowledging our work in this area is a testimony of what we do - realizing opportunities through connectivity, build societies and secure a better future for all. Besides, our Annual Report 2013 has been recognized by the regional and local professional bodies for our accountability, transparency, good governance practices, and on time fair disclosure to the stakeholders.

While 2014 was mainly about consolidating our position as the leading operator in the market, we expect 2015 to be marked as a year to push ahead for growth through change. By building on our strengths, applying the right mindset and executing our strategy, we will take an aggressive approach in the market and ensure that we not only stay ahead of the competition but remain at the forefront throughout 2015. Besides, the government is planning for an auction to release additional spectrum from 1800 and 2100 Mhz bands. In the above connection, we expect a level playing field ensuring participation of all mobile operators to cater the future subscribers growth and to ensure quality service to the customers.

We would like to thank all our Shareholders, employees, and key stakeholders for their continued commitment and support.

We look forward to meeting you at our upcoming Annual General Meeting (AGM).

February 08, 2015

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