

# Financial Review - 2011

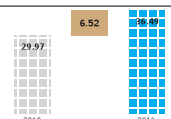
Grameenphone has maintained its leadership in the mobile industry once again in the year 2011 amidst heavy competition and unprecedented macroeconomic challenges. While competition opted for price position, GP continued with its quality acquisition and added 6.5 million subscribers to its subscription base. Macroeconomic factors like double digit inflation, currency devaluation, multiple price hikes for fuel and power brushed a dent in operating expenditure, however, business performance was strong and still due to impressive revenue performance and operational efficiency measures in spending areas. Reduction in SIM tax compensated a portion of the escalated opex through reduced subsidy.

With innovative low cost distribution facilities and customized price plans for economy users, GP has moved a step closer to the unreachable rural consumers. To promote internet usage to the mass, Grameenphone has promoted the 'Internet Utshob' with 101 nationwide events in collaboration with "Prothom-Alo", which was attended by more than 300,000 students across the country. This was the biggest ever internet campaign in Bangladesh so far.

Grameenphone has successfully completed its network up-gradation. This dramatic network transformation has resulted in improved service quality, and energy & cost efficiency as well as future readiness.

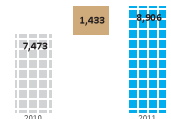
## Subscriptions

- Subscriber base reached 36.5 million at the end of 2011.
- During the year, subscription base increased by 22% with 6.5 million additions.
- Active internet user increased to 5.2 million from 2.6 million of 2010.
- In a competitive market, GP managed to retain its subscriber market stable at around 43%.



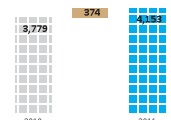
## Revenue

- Increment of 19% (BDT 1,433 crore) in total revenue was driven by traffic revenue from subscription growth and revenue from wholesale business.
- Impressive 24% growth in data revenues against 100% increase in active users was mainly driven by low-cost mini-pack internet packages.
- New price plan 'Spondon' for time-conscious users and segmented micro campaigns designed as per users' need has given a good uplift in revenue.
- Stronger distribution network in the deep rural areas has given easy access to affordable telecommunication services to rural subscribers.



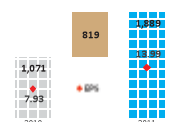
## Operating Expenditure

- Total operating expenditure in 2011 increased by 10% (BDT 374 crore) from 2010 against 19% revenue growth reflects the output of cost efficiency measures taken throughout the year.
- The increase in spending was mainly from revenue driven costs and higher network maintenance expenses resulted from four-fold fuel price hike.
- The increase in spending was partly offset by reduced subsidy followed by SIM tax reduction.
- A total savings of BDT 220 crore has been achieved through the operational excellence initiatives during the year.



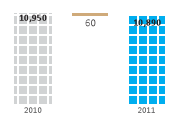
## Net Profit after Taxes

- Net profit margin increased to 21% from 14% of 2010, which was driven by BDT 819 crore increment in profit in 2011 compared to last year.
- Increase in profit after tax for the year 2011 compared to 2010 was mainly driven by revenue growth and lower depreciation expenses, which was partly offset by higher income taxes and losses on foreign exchange during the year.
- As a result, EPS for 2011 increased to BDT 13.99 from BDT 7.93 of 2010.



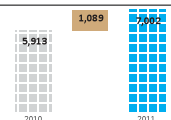
## Total Assets

- Total asset base decreased marginally by BDT 60 crore between 2010 and 2011 mainly due to higher depreciation of fixed assets compared to yearly addition and swapping of network equipments with lower book value.
- Cash balance decreased due to payment of final dividend for the year 2010, interim dividend for the year 2011 and the first installment of renewal fees for 2G License and spectrum.
- Capital expenditure during 2011 was BDT 1,296 crore compared to BDT 846 crore of 2010, which was mainly spent for network modernization.



## Total Liabilities

- Total liabilities increased by BDT 1,089 crore during the year mainly on account of payables against income tax and capital expenditures.
- The increase was partly offset by settlement of long term borrowings obligation and reduced deferred tax liabilities.



## Total Equity

- Total equity decreased by BDT 1,149 crore during the year 2011 due to payment of final dividend for the year 2010 and interim dividend for the year 2011.
- This was partly offset by BDT 1,889 crore net profit generated from operations during the year.

