

# MESSAGE FROM THE CHAIR AND THE CEO



Chief Executive Officer  
**Michael Patrick Foley**

Chair  
**Petter Boerre Furberg**

## Dear Shareholders,

Despite the highly competitive, fast-paced and challenging market environment, Grameenphone has delivered another record year of sound financial and operational performance and has sustained its subscriber base market leadership. We launched 4G in Bangladesh in February 2018 followed by a rapid expansion of our coverage, ushering in a new era of digitalisation and the promise of high-speed internet for our customers.

Grameenphone demonstrated commendable growth during the year driving strategic priorities with speed and agility. The Company reported total revenue of BDT 132.8 billion for 2018, registering an annual growth of 3.4%. Data revenue grew by 21% and voice revenue by 6.6%. As a result of the strong revenue performance and alongside operating cost efficiencies, operating profit for the year 2018 increased by BDT 7.4 billion from last year. Profit before tax for 2018 also increased by BDT 8.3 billion from last year, mainly due to higher EBITDA and lower foreign exchange loss, partly offset by higher tax and finance expenses.

Net profit margin for 2018 grew significantly to reach 26.5% compared to 21.4% last year. Net Profit After Tax in 2018 grew by 28.2% resulting from higher revenue and significant savings in operating expenses of BDT 3.0 billion. This resulted in higher Earnings Per Share (EPS) for the year 2018, which stood at BDT 26.04 compared to BDT 20.31 in 2017.

*Message from the Chair and the CEO*

Grameenphone recorded a healthy growth of its subscriber base and correspondingly of reported usage. The Company acquired 7.4 million new subscribers, an 11.3% YoY growth. Adding 5.9 million internet subscribers to its network, Grameenphone closed the year with 37.1 million internet subscribers, which is 19.0% higher than that of the previous year. 51.0% of our total subscribers are using internet services on the fastest internet network in the country.

One of the most important foundations upon which we deliver services to our customers is our network. In 2018, Grameenphone made significant investment in new 4G technology, spectrum acquisition and network capacity building. The Company invested BDT 34.0 billion to rollout more than five thousand 4G LTE sites, to expand 2G and 3G coverage, to effect capacity enhancement, as well as to build higher IT readiness. In total the Company has invested BDT 347.4 billion in Bangladesh since inception. As one of the largest contributors, Grameenphone contributed BDT 84.2 billion to the national exchequer in 2018 which represents about 63.4% of Grameenphone's total revenue for the year. By the end of 2018, the total contribution to the state by Grameenphone since inception reached BDT 669.5 billion.

To achieve high levels of customer satisfaction, Grameenphone has continuously enhanced its product portfolio, including digital products and services, where innovation, relevance and simplicity are the cornerstones. We continued enhancing our digital self-care apps portfolio. MyGP, the online self-care app, is the first app in the industry where users can design their own core product. In 2018, a large number of regulatory directives were implemented, the most notable being the unified tariff for on and off net calling, Mobile Number Portability (MNP) and reduction of VAT on data from 15% to 5%.

The nature of our business puts us in the heart of the digital revolution that is transforming enterprises and the daily lives of our people. Focusing on innovation and collaboration, Grameenphone has been contributing to build and support a digital ecosystems enabling the country to remain relevant in the digital world.

We believe that incredible things will happen when the power of our people is unleashed by fueling their aspirations with corresponding opportunities. Keeping this in mind, the Company has been working closely with the local community of developers, innovators and startups via the outside-in platform called GP Accelerator and inside-out window known as Whiteboard. Grameenphone has also partnered with different stakeholders to reduce the price of internet-enabled devices and introduce digital services.

Grameenphone's journey to simplify digitalisation initiatives and offer relevant products and services has driven healthy financial performance, which ultimately finds positively impacts shareholder returns. We are happy to announce that the Board of Directors of Grameenphone Ltd. has recommended final dividend for the year 2018 in cash at the rate of 155% of the paid-up capital (i.e. BDT 15.5 per share of BDT 10 each). With this, the total cash dividend stands at 280% of paid up capital, which represents 108% of Profit After Tax for the year 2018 (including 125% interim cash dividend).

Grameenphone aims to bring together the realms of advanced digital connectivity and stay relevant to deliver a revolutionary suite of products and services, which will in turn expand the scope for digitalisation in Bangladesh. We will continue to echo responsible leadership behind every aspect of our strategies, commit to delivering superior network performance, and provide a world-class customer experience. With the growth potential of the market and our focus on operational efficiency, simplification, and driving value for our customers, we are optimistic in delivering profitable growth going forward.

There are many regulatory initiatives of significance currently in the discussion phase for implementation during 2019. Some initiatives of note are the anticipated regulations on SMP (Significant Market Power), Tower Sharing Licencing, and Quality of Service (QoS). We would like to reiterate our commitment to meaningful consultations between industry and government that can enrich the industry service propositions further, which in-effect will facilitate the current economic growth momentum of the country.

Finally, we would like to extend our appreciation to our Board for their continued guidance and active engagement, the Government, regulators and shareholders for their co-operation and facilitation. We are humbled by the trust that our Customers have placed on our network and services. We are always committed to maintaining high standards and delivering the best for our Customers. We also extend our sincere thanks to our Management Team and our employees for their hard work and commitment. We sincerely look forward to welcoming you at our 22<sup>nd</sup> Annual General Meeting (AGM).

27 January 2019