

# MESSAGE FROM THE CHAIR AND THE CEO



Dear Shareholders,

2017 was a year of superior performance as Grameenphone further consolidated its position as the flagship telecommunication service provider in Bangladesh. The Company delivered strong business results amidst a very competitive environment and challenging operating conditions. We were able to achieve this growth through a single minded focus on our strategic ambitions and solid execution in the market.

The Company recorded revenue of BDT 128.4 billion for 2017, up 11.8% from last year. Data revenue grew by 46.4% along with voice revenue growth of 9.5%. Net profit of the Company grew

by 21.74% in 2017, compared with the previous year, because of rising data usage by subscribers. The Company's net profit increased by BDT 4.9 billion to BDT 27.4 billion in 2017 against BDT 22.5 billion net profit in 2016.

Higher revenue coupled with improved operating efficiency has delivered BDT 76.2 billion in Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), being an indicator of financial performance. As a result, Earnings per Share (EPS) stand at BDT 20.31 for the year 2017, against BDT 16.68 for 2016.

Grameenphone continued to deliver market leading performance with respect to revenue growth, network development and service excellence in 2017. All these are reflected in Grameenphone's SIM market share, which has been stable at 45.0% despite fierce market competition. The Company acquired 7.4 million new subscribers during the year, registering a 12.7% growth from 2016. At the end of the year, total subscriber base reached 65.3 million. The Company also acquired 6.6 million internet users during the same period; which means that 47.7% of total subscribers are now using Grameenphone internet services. With 31.2 million data users, Grameenphone is now the largest Internet Service Provider (ISP) in Bangladesh.

Grameenphone continued to make aggressive investments in consolidating its network leadership in terms of broadening its nationwide telecommunication footprint and the application of cutting edge technology across its business streams. The Company invested BDT 14.5 billion during the year to rollout 3G sites, improving 2G coverage, capacity enhancement, as well as enhancing network and IT readiness for future business. Since inception, Grameenphone has invested more than BDT 313 billion in Bangladesh. Grameenphone, the largest contributor to National Exchequer has paid BDT 61.8 billion, comprising 48.1% of total revenue, to the National exchequer during the year in the form of taxes, VAT, duties and license fees.

Chair  
**Petter Boerre Furberg**

Chief Executive Officer  
**Michael Patrick Foley**

With improved topline growth and profitability, Grameenphone delivered another year of steady returns for shareholders. The Board of Directors of Grameenphone Ltd. has recommended final dividend for the year 2017 in cash at the rate of 100% of the paid-up capital (i.e. BDT 10 per share of BDT 10 each). With this, the total cash dividend stands at 205% of paid-up capital, which represents 101% of Profit After Tax for the year 2017 (including 105% interim cash dividend). These results evidently show that we remain consistent in delivering our long-term shareholder value commitment.

We live in a world of unprecedented constant technological disruption, where the scope and reach of digitisation is altering every aspect of our lives. Grameenphone continued on its evolutionary journey towards being a digital lifestyle brand. Grameenphone’s product innovation and digital capabilities received its fair share of interest in 2017. To address unfulfilled communication needs with affordable and innovative products and services, Grameenphone has offered the most relevant products to its customers. Further, expansion in its distribution quality and depth has helped Grameenphone get closer to customers, while its online shop has taken service to the customers’ fingertips.

In 2017, we have introduced several customer care and lifestyle applications for our customers that have seen encouraging adoption. Smart phone and smart device penetration have increased significantly in 2017 mainly thanks to the proliferation and availability of affordable devices. Grameenphone took a leading role in such initiatives by partnering with local and international device manufacturers to introduce co-branded devices that were not only affordable but also provided customers a great data experience.

Grameenphone has played a pioneering role in facilitating the digital transformation process in Bangladesh, to attain both the Government’s and people’s visions of a ‘Digital Bangladesh’. Grameenphone is working to establish an overall eco-system that complements the digital lifestyle of our customers. To drive the digitalisation journey forward, we have been supporting local technology startups through our GP Accelerator and Digital Winners platform to innovate and come up with better digital services and solutions. Our Whiteboard and Telenor Youth Forum platforms are also actively promoting innovation through digitalisation among the youths.

In 2017, Grameenphone won a number of prestigious accolades, which include the Best Brand Award.

A number of regulatory initiatives are already in the pipeline for implementation in 2018. The 4G operating license, spectrum auction & technology neutrality, tower co. licensing, mobile number portability services are some regulatory opportunities worth mentioning here. We would like to reiterate our commitments towards meaningful consultations, between industry and Government, which can enrich the industry service propositions further. Such consultations in-effect has the added benefit to facilitate the current economic growth momentum of the country.

The mobile industry is evolving at an unprecedented pace. Competition has not let up and regulatory challenges continue. However, riding on the growth potential of the market and the ongoing focus on efficiency and simplification initiatives, the Company is very optimistic about delivering profitable growth going forward. Our ambition is to bring in greater agility and speed in our execution machinery with a sharper focus on our proven strategic priorities and create more value for our shareholders.

As always, we would like to thank our Board for their continued guidance, the Government and regulators for their co-operation and facilitation, and our stakeholders –shareholders, partners, collaborators and media for their continuing trust and support. More importantly, a special thanks to all our employees who have worked hard to create more value for our customers every day.

We sincerely look forward to welcoming you at our 21<sup>st</sup> Annual General Meeting (AGM).

29 January 2018

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