

Current Price (BDT): 324.70

Ticker: GP  
Sector: Telecommunication

## Company Fundamentals

Market Capitalization (BDT mn)	437,767.3
Authorized Capital (BDT mn)	40,000.0
Paid-up Capital (BDT mn)	13,503.0
Shares Outstanding (mn)	1,350.3
Free Floating Shares (mn) (Ins.+For.+Pub.)	135.03
3 Months Avg. Turnover (BDT mn)	69.4
3 Months Return (%)	-2.2%
52 Weeks' Moving Range	221.0 - 387.0
Current P/E	11.1
Sector P/E	13.1

	FY'21	FY'22	FY'23	9M'24 (An.)
<b>Financial Information (BDT mn):</b>				
Net Revenue	143,066	150,403	158,716	161,465
Operating Profit	63,336	63,598	64,429	62,847
EBITDA	86,352	91,498	96,751	97,000
Net Financial Cost	2,687	3,804	5,472	5,154
Pre-Tax Profit	60,821	51,990	54,324	56,792
Net Profit	34,129	30,092	33,075	39,398
Assets	163,007	185,087	200,420	205,165
Debt	37,621	56,937	53,339	66,614
Equity	49,879	46,211	66,690	57,754
Retained Earnings	28,521	24,853	45,332	36,397
Cash	2,749	3,326	16,718	7,604
<b>Margin:</b>				
Operating Profit	44.3%	42.3%	40.6%	38.9%
EBITDA	60.4%	60.8%	61.0%	61.2%
Pretax Profit	42.5%	34.6%	34.2%	35.2%
Net Profit	23.9%	20.0%	20.8%	24.4%
<b>Growth (YoY):</b>				
Net Revenue	2.5%	5.1%	5.5%	1.7%
Operating Profit	-0.2%	0.4%	1.3%	-2.5%
EBITDA	-0.8%	6.0%	5.7%	0.3%
Pre-Tax Profit	-3.2%	-14.5%	4.5%	4.5%
Net Profit	-8.2%	-11.8%	9.9%	19.1%
Assets	10.0%	13.5%	8.3%	2.4%
Debt	73.2%	51.3%	-6.3%	24.9%
Equity	-4.3%	-7.4%	44.3%	-13.4%
<b>Profitability:</b>				
ROA	21.9%	17.3%	17.2%	19.4%
ROE	66.9%	62.6%	58.6%	63.3%
<b>Leverage:</b>				
Debt-Asset	0.2	0.3	0.3	0.3
Debt-Equity	0.8	1.2	0.8	1.2
Interest Coverage	23.6	16.7	11.8	12.2
<b>Valuation:</b>				
Re. EPS (BDT)	25.3	22.3	24.5	29.2
Re. NAVPS (BDT)	36.9	34.2	49.4	42.8
Dividend (C/B) %	250/-	220/-	125/-	160/-
P/E (x)	13.8	12.9	11.7	11.1
P/NAV (x)	9.5	8.4	5.8	7.6
Dividend Yield (%)	7.2%	7.7%	4.4%	6.5%
<b>Price</b>				
Price	349.5	286.6	286.6	324.7
<b>Shares Outstanding (mn)</b>				
Shares Outstanding (mn)	1,350.3	1,350.3	1,350.3	1,350.3

\*9M'24 is annualized based on the un-audited financial statements for the period of Jan'24-Sep'24.

## Company Overview

## Basic Information

Grameenphone Ltd. (GP) is primarily engaged in providing mobile telecommunication services (voice, data and other related services), along with digital services in the country. The company also provides international roaming services through international roaming agreements with various operators in different countries across the world.

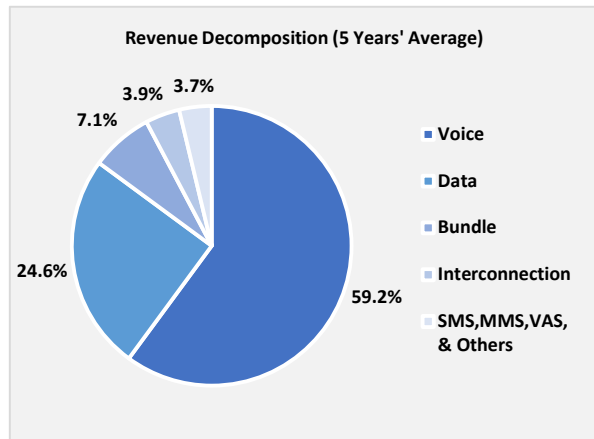
- **Incorporation:** 10<sup>th</sup> October, 1996
- **Listing Year:** 18<sup>th</sup> November, 2009
- **Office Location:** Bashundhara, Baridhara, Dhaka-1229
- **Key Personnel:** Håkon Bruaset Kjøl (Chairman), Yasir Azman (Chief Executive Officer), M Shahjahan (Director) & Md. Ashraful Hassan (Director)

## Shareholding Pattern

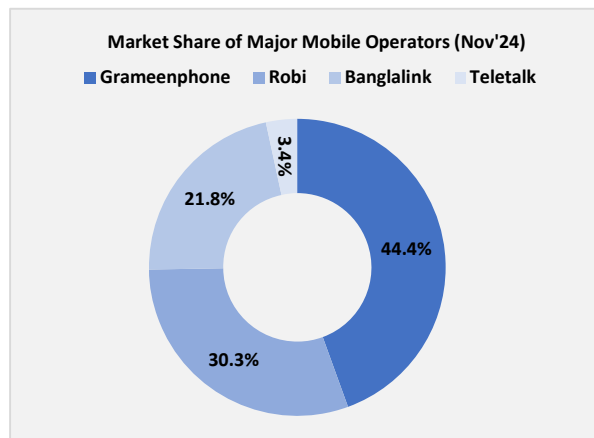
Date	Sponsor/ Director	Institute	Foreign	Public
30-Nov-24	90.0%	6.3%	1.0%	2.8%
31-Sep-24	90.0%	6.1%	1.0%	2.9%
30-Jun-24	90.0%	6.3%	1.1%	2.6%
31-Mar-24	90.0%	6.1%	1.3%	2.6%
31-Dec-23	90.0%	5.9%	1.6%	2.5%

## Revenue Decomposition

GP generated majority of its revenue from voice segment, constituting an average of 59.2% of its total revenue from FY'19 to FY'23. Additionally, the company earned an average of 24.6% of its total revenue from data segment over the same period.



## Competitive Position Analysis



Current Price (BDT): 324.70

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Sector: Telecommunication**Investment Insight****Investment Positive**

- GP has acquired 20 MHz of spectrum from 2.6 GHz band for BDT 11,600.0mn under a 15-year contract during Q3'24. New spectrum deployment (60 MHz) combined with 4G site rollout (1,632 new sites) contributed to 10.1% YoY 4G subscribers' growth in FY'23. As on Q3'24, the number of 4G subscribers stood at 42.8mn (86.8% of total internet subscribers), registering 15.1% YoY growth from the period of Q3'23.
- GP has established the largest hub of OTT platforms by partnering with more than 24 OTT platforms, including Hoichoi, Chorki and T-Sports. Lower cost combined with easy access to OTT platforms is anticipated to further increase both data and bundle revenue growth of the company.
- In order to mitigate the risk of slower mobile internet data growth due to rising broadband penetration, GP has introduced "gpfii", a wireless home Wi-Fi solution. The company has rolled out the service in the Dhaka and Chittagong. The number of broadband internet subscribers stood at 13.7mn as on Nov'24, constituting 10.3% of the country's total internet subscribers.
- Operating efficiency of GP is gradually increasing with growing digital adoption through the MyGP app, which has over 20.0mn monthly active users. The company has partnered with bKash in Q3'24 to enable customers to open bKash accounts within the MyGP app. Additionally, roaming service activation process was streamlined in Q2'24 by allowing customers to activate roaming instantly through the MyGP app without document submission. These developments are anticipated to further increase MyGP app users. Since its launch in FY'16, the MyGP app has been one of the key contributors in reducing operating expense-to-sales ratio of the company from 36.2% to 32.8% in FY'23.
- GP has partnered with Ericsson to develop infrastructure to enhance the billing accuracy. The company has also established Tier 3 data center with a capacity of 4 megawatts and 260 racks to minimize downtime even during maintenance or unexpected network outages. These developments are anticipated to reduce billing disputes, increase uptime and potentially lower the churn rate of the company.
- As part of its business diversification strategy, GP expanded its IoT product portfolio in Q4'23 by introducing "GP Alo", which offers 8 IoT devices with a controlling app to provide smart solutions for vehicle tracking, gas detection and smoke detection. Additionally, the company has launched "AppCity" in Q1'24, the country's first cross-platform app marketplace that connects app developers and publishers with both B2C and B2B customers. Revenue from "GP Alo" and "AppCity" is anticipated to drive further revenue growth in the forthcoming fiscal periods.
- GP has introduced tourist SIM in H1'23, allowing short-term foreign visitors to purchase SIM cards and enjoy connectivity during their stay in Bangladesh. Additionally, the company launched Grameenphone Prime in H2'23, an enhanced postpaid product for high-value customers. Revenue from postpaid customers registered a 5-year CAGR

of 8.5%, accounting for 4.6% of the total revenue over the period from FY'19 to FY'23.

- GP has a good track record of disbursing handsome cash dividends. Over the preceding five years (FY'19-FY'23), the company declared total cash dividends ranging from 125.0% to 275.0% with an average dividend payout ratio of 79.9% and an average dividend yield of 6.3%. The company has also declared a 160.0% interim cash dividend for the period of H1'24 with a dividend payout ratio of 98.2%.

**Investment Concern**

- Voice revenue of GP, which accounted for an average of 59.2% of its total revenue, witnessed an average decline of -4.6% from FY'19 to FY'23. This gradual decline in voice revenue is mostly due to reduction in demand for traditional voice services from increasing use of OTT communication platforms like WhatsApp, Messenger and IMO.
- GP is facing strong competition from ROBI in mobile internet subscriber acquisition. GP's mobile internet subscriber base grew at a 5-year CAGR of 3.5% to 46.6mn, while ROBI's mobile internet subscriber base registered a 5-year CAGR of 9.4% to 44.7mn over the period from FY'19 to FY'23.
- BTRC designated GP as an SMP (Significant Market Power) operator in 2019 due to its market share exceeding 40% in terms of subscribers and revenue. As an SMP operator, GP faces certain restrictions, including prior approval for new packages, MNP lock-in period of 60 days and higher interconnection charges for calls to non-SMP operators.
- Telecom operators are facing increasing burden of higher supplementary duty and SIM tax. Supplementary duty was raised from 15.0% to 20.0% and SIM tax was increased from BDT 200 to BDT 300 in FY'24.
- BTRC has lifted its previously imposed restrictions on the number of mobile internet data packages, allowing customers to choose the volume and duration of data packages according to their preferences. This decision is anticipated to increase the intensity of pricing competition among the telecom operators.
- GP is currently engaged in legal disputes with BTRC over audit claims of BDT 125,799.5mn, related to unpaid annual spectrum fees, value-added tax and revenue sharing. The company has already paid BDT 20,000.0mn in accordance with an Appellate Division order as well as BDT 23,922.0mn to NBR. Additionally, the company is in a legal conflict with Bangladesh Railway regarding BDT 1,316.5mn as interest on delayed payment of Guaranteed Annual Rent (GAR).

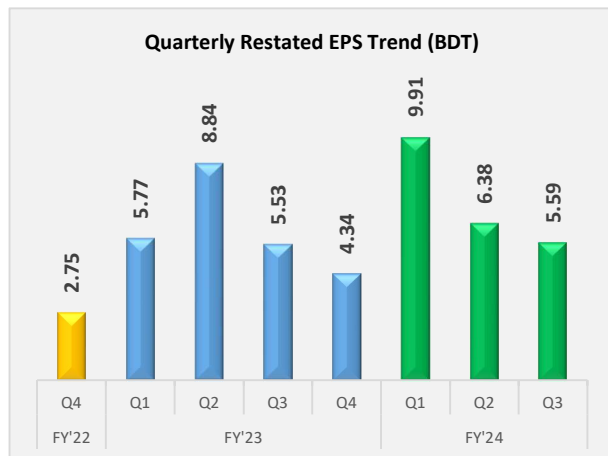
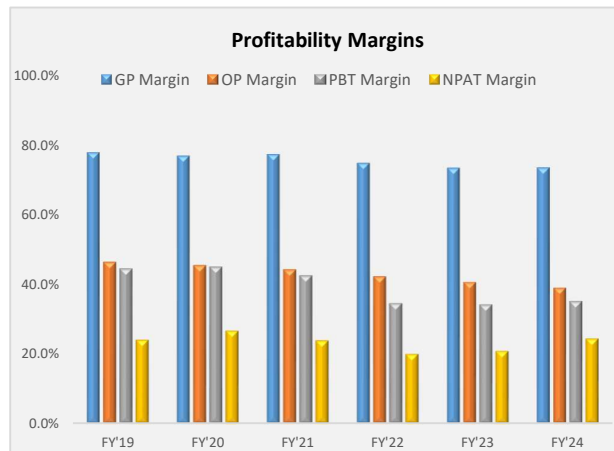
**Relative Valuation**

EPS Based Pricing	EPS*	Multiple	Value
Market Forward P/E	29.2	15.3	446.2
Sector Forward P/E	29.2	13.1	382.5
5Y Historical Average P/E	29.2	11.7	341.6
Sensitivity Analysis			
Price@10 P/E	29.2	10.0	291.8
Price@12 P/E	29.2	12.0	350.1
Price@14 P/E	29.2	14.0	408.5
NAV Based Pricing	NAVPS*	Multiple	Value
5Y Historical Average P/NAV	42.8	7.7	328.1

\*Based on unaudited financial statements for the period of Jan'24-Sep'24.

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**Peer Comparison**

Stock	Price	Paid-Up	Subscriber (mn)	Growth (%)	Revenue (mn)	Growth (%)	EBITDA (mn)	Growth (%)	NPAT (mn)	Growth (%)
GP	324.2	13,503.0	84.6	2.9%	121,098.8	2.2%	72,750.1	0.4%	29,548.4	8.6%
ROBI	29.0	52,379.3	57.9	0.5%	75,945.6	2.2%	37,344.3	13.2%	4,028.3	133.7%

*\*Based on unaudited financial statements for the period of Jan'24-Sep'24.*


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**Statement of Profit & Loss (BDT mn)**

	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24 (An)
<b>Revenue</b>	<b>143,656.27</b>	<b>139,606.16</b>	<b>143,065.87</b>	<b>150,403.47</b>	<b>158,715.82</b>	<b>161,465.06</b>
Cost of Material & Traffic Charges	8,465.28	8,812.91	9,604.71	10,088.49	9,961.04	10,045.83
Salaries & Personnel Cost	9,437.58	10,027.23	11,507.57	9,235.73	8,494.01	8,688.02
Operation & Maintenance	5,898.86	4,984.75	5,550.95	4,252.58	6,272.39	7,032.63
Sales, Marketing & Commissions	13,480.02	11,771.11	13,341.09	15,278.93	15,428.17	16,473.79
Revenue Sharing, Spectrum Charges & License Fees	10,107.31	10,478.33	10,895.29	12,583.38	12,009.84	12,246.52
Net Other Operating (Expenses)/Income	6,164.35	6,442.28	5,814.52	7,466.58	9,799.69	9,978.13
Depreciation & Amortization	23,451.04	23,649.95	23,016.18	27,899.58	32,321.70	34,152.93
<b>Operating Profit</b>	<b>66,651.83</b>	<b>63,439.61</b>	<b>63,335.57</b>	<b>63,598.19</b>	<b>64,428.97</b>	<b>62,847.20</b>
Net Financial (Expense)/Income	(2,523.06)	(376.47)	(2,595.40)	(10,177.41)	(9,383.83)	(4,559.83)
Foreign Exchange (Loss)/ Gain	(229.81)	(262.23)	80.57	(1,430.68)	(721.27)	(1,495.78)
<b>Profit Before Tax</b>	<b>63,898.96</b>	<b>62,800.91</b>	<b>60,820.75</b>	<b>51,990.10</b>	<b>54,323.87</b>	<b>56,791.58</b>
Income Tax Expenses	29,382.20	25,613.87	26,691.69	21,898.51	21,249.00	17,393.75
<b>Profit After Tax</b>	<b>34,516.76</b>	<b>37,187.04</b>	<b>34,129.06</b>	<b>30,091.60</b>	<b>33,074.87</b>	<b>39,397.84</b>

**Statement of Financial Position (BDT mn)**

	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24
Property, Plant & Equipment	62,396.56	56,901.19	60,387.95	62,849.12	67,020.00	70,877.98
Intangible Assets	2,274.80	2,316.59	3,632.30	4,023.09	4,396.00	4,211.07
Right-of-Use Assets	58,028.53	53,532.67	62,533.83	80,501.01	76,086.72	79,128.39
Contract Cost	4,480.16	4,934.44	6,035.96	5,148.91	7,141.43	9,781.49
Other Non-Current Assets	555.20	20,568.46	20,549.07	20,471.57	20,471.57	20,526.81
Deferred Tax Assets	-	-	-	-	-	2,900.75
<b>Non-Current Assets</b>	<b>127,735.25</b>	<b>138,253.35</b>	<b>153,139.10</b>	<b>172,993.70</b>	<b>175,115.72</b>	<b>187,426.50</b>
Inventories	225.44	201.07	260.23	1,088.39	591.45	440.26
Trade Receivables & Others	7,013.05	7,131.17	6,858.69	7,679.41	7,994.70	9,694.96
Cash & Cash Equivalents	13,760.68	2,598.74	2,748.66	3,325.92	16,718.34	7,603.70
<b>Current Assets</b>	<b>20,999.17</b>	<b>9,930.97</b>	<b>9,867.58</b>	<b>12,093.72</b>	<b>25,304.49</b>	<b>17,738.92</b>
<b>Assets</b>	<b>148,734.42</b>	<b>148,184.32</b>	<b>163,006.68</b>	<b>185,087.42</b>	<b>200,420.21</b>	<b>205,165.42</b>
Lease Liabilities-Non-Current	13,484.11	14,146.84	22,675.14	41,046.67	40,212.83	48,903.84
Deferred Tax Liabilities	5,216.03	3,350.83	3,425.49	3,060.59	479.37	-
Employee Benefits	936.70	1,641.38	1,336.09	1,340.32	384.47	688.79
Other Non-Current Liabilities	323.96	281.27	455.31	496.32	456.24	600.94
<b>Non-Current Liabilities</b>	<b>19,960.80</b>	<b>19,420.33</b>	<b>27,892.02</b>	<b>45,943.91</b>	<b>41,532.90</b>	<b>50,193.56</b>
Trade Payables & Others	22,676.41	23,988.12	25,521.62	27,275.33	29,619.42	34,700.23
Provisions	18,839.10	14,402.56	15,703.45	23,612.40	23,946.72	24,796.28
Lease Liabilities-Current	7,349.55	6,328.70	9,445.61	10,852.50	10,006.25	11,460.58
Short Term Loans	2,934.28	1,240.00	5,500.00	5,037.39	3,119.60	6,250.00
Current Tax Liabilities	28,137.23	24,870.65	25,603.87	23,779.92	19,459.68	15,921.19
Other Current Liabilities	10,363.33	5,690.02	3,414.33	2,316.34	5,968.50	4,038.50
Unclaimed Dividend	126.33	136.33	47.22	58.87	77.61	50.71
<b>Current Liabilities</b>	<b>90,426.22</b>	<b>76,656.37</b>	<b>85,236.11</b>	<b>92,932.75</b>	<b>92,197.77</b>	<b>97,217.49</b>
<b>Liabilities</b>	<b>110,387.02</b>	<b>96,076.70</b>	<b>113,128.12</b>	<b>138,876.66</b>	<b>133,730.67</b>	<b>147,411.05</b>
Share Capital	13,503.00	13,503.00	13,503.00	13,503.00	13,503.00	13,503.00
Share Premium	7,840.23	7,840.23	7,840.23	7,840.23	7,840.23	7,840.23
Capital Reserve	14.45	14.45	14.45	14.45	14.45	14.45
Deposit From Shareholders	1.88	-	-	-	-	-
Retained Earnings	16,987.85	30,749.94	28,520.89	24,853.09	45,331.87	36,396.70
<b>Equity</b>	<b>38,347.41</b>	<b>52,107.61</b>	<b>49,878.56</b>	<b>46,210.76</b>	<b>66,689.54</b>	<b>57,754.37</b>
<b>Liabilities &amp; Equity</b>	<b>148,734.42</b>	<b>148,184.32</b>	<b>163,006.68</b>	<b>185,087.42</b>	<b>200,420.21</b>	<b>205,165.42</b>

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**Ratio Analysis**

Ratios	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24 (An.)
<b>Liquidity Ratios</b>						
Current Ratio	0.23	0.13	0.12	0.13	0.27	0.18
Quick Ratio	0.23	0.13	0.11	0.12	0.27	0.18
Cash Ratio	0.15	0.03	0.03	0.04	0.18	0.08
<b>Profitability Ratios</b>						
Operating Profit Margin	46.4%	45.4%	44.3%	42.3%	40.6%	38.9%
Opex-To-Sales Ratio	31.4%	31.3%	32.9%	32.5%	32.8%	33.7%
EBITDA Margin	62.7%	62.4%	60.4%	60.8%	61.0%	61.2%
Pre-Tax Margin	44.5%	45.0%	42.5%	34.6%	34.2%	35.2%
Net Profit Margin	24.0%	26.6%	23.9%	20.0%	20.8%	24.4%
Return on Asset	23.2%	25.0%	21.9%	17.3%	17.2%	19.4%
Return on Equity	90.0%	82.2%	66.9%	62.6%	58.6%	63.3%
<b>Solvency Ratios</b>						
Debt-To-Assets Ratio	0.16	0.15	0.23	0.31	0.27	0.32
Debt-To-Equity Ratio	0.62	0.42	0.75	1.23	0.80	1.15
Interest Coverage Ratio	22.30	97.18	23.57	16.72	11.77	12.19
<b>Valuation Ratios</b>						
Restated Earnings Per Share	25.56	27.54	25.28	22.29	24.49	29.18
Net Asset Value Per Share	28.40	38.59	36.94	34.22	49.39	42.77
P/E Ratio	11.18	12.60	13.83	12.86	11.70	11.13
P/NAV Ratio	10.06	8.99	9.46	8.37	5.80	7.59
Dividends Per Share	13.00	27.50	25.00	22.00	12.50	16.00*
Dividend Yield	4.5%	7.9%	7.2%	7.7%	4.4%	6.5%
Dividend Payout Ratio	50.9%	99.9%	98.9%	98.7%	51.0%	98.2%
Retention Rate	49.1%	0.1%	1.1%	1.3%	49.0%	1.8%
<b>Growth Rates</b>						
Revenue	8.1%	-2.8%	2.5%	5.1%	5.5%	1.7%
Gross Profit	8.5%	-4.1%	3.1%	1.8%	3.6%	0.7%
Operating Profit	17.4%	-4.8%	-0.2%	0.4%	1.3%	-2.5%
Pre-Tax Profit	16.5%	-1.7%	-3.2%	-14.5%	4.5%	4.5%
Net Profit	3.5%	7.7%	-8.2%	-11.8%	9.9%	19.1%
Dividend	-53.6%	111.5%	-9.1%	-12.0%	-43.2%	
Asset	7.2%	-0.4%	10.0%	13.5%	8.3%	2.4%
Equity	4.1%	35.9%	-4.3%	-7.4%	44.3%	-13.4%
<b>DUPONT Analysis</b>						
Net Profit Margin	24.0%	26.6%	23.9%	20.0%	20.8%	24.4%
Asset Turnover Ratio	0.97	0.94	0.92	0.86	0.82	0.80
Financial Leverage Ratio	3.88	3.28	3.05	3.62	3.41	3.26
<b>Return on Equity</b>	90.0%	82.2%	66.9%	62.6%	58.6%	63.3%
<b>Extended DUPONT Analysis</b>						
Tax Burden	54.0%	59.2%	56.1%	57.9%	60.9%	69.4%
Interest Burden	95.9%	99.0%	96.0%	81.7%	84.3%	90.4%
Operating Profit Margin	46.4%	45.4%	44.3%	42.3%	40.6%	38.9%
Asset Turnover Ratio	0.97	0.94	0.92	0.86	0.82	0.80
Financial Leverage Ratio	3.88	3.28	3.05	3.62	3.41	3.26
<b>Return on Equity</b>	90.0%	82.2%	66.9%	62.6%	58.6%	63.3%
<b>Other Data</b>						
Price	285.80	347.10	349.50	286.60	286.60	324.70
Shares Outstanding	1,350.30	1,350.30	1,350.30	1,350.30	1,350.30	1,350.30

*\*Interim Dividend for the period of 6M'24*

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