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BANGLADESH TOWER TENDERS WILL RESHAPE COUNTRY'S TELECOM MARKET

Two large forthcoming telecom tower deals are poised to change the communications landscape in Bangladesh. Axiata's Robi has recently announced it will sell all of its towers, approximately 2,470 in total. A few weeks ago, another carrier Banglalink, the third-largest carrier, announced it will sell 5,500 towers of its total of 6,500. Both processes are ongoing. Approximately 8,000 of towers are thus on the block, while E.Co, Axiata's infrastructure spin-off and by far the largest owner of independent towers, currently owns about 13,000 towers.

A little bit of background. Historically, as the concept of a towerco was not recognized by Bangladesh's laws and regulations, MNOs would simply own and operate their own infrastructure. That changed on 1 November 2018 when the towerco license was created and the regulator, the Bangladesh Telecommunication Regulatory Commission ("**BTRC**"), issued 4 licenses.

As can be seen from the above table, E.Co, has built up a very dominant position in the market, although tower roll out has slowed down in recent years.

A main driver of the market reshuffle is the regulator, the BTRC. Worried about the environmental and commercial disadvantages associated with having too many towers, tower sharing has always been high on the agenda for the

BTRC. Recently, a new concern has been added to that: anti competition forces. The BTRC is widely expected to strengthen its policy on competition and market dominance. It is not necessarily a sustainable thing that one towerco has 13,000 towers and the other three added up together have trouble reaching 1,000, and the everyone knows it.

Anticipating new caps on the percentage of the market any one towerco may own, it is expected that E.Co will not be able to participate in these purchases. If things move forward along these lines, will the dominance of E.Co come to an end?

If one towerco would purchase all 8,000 towers now on the table, E.Co's market share would drop from more than 90% of non-MNO owned towers to around 60%. That is still a very strong position, possibly commercially dominant at least in some areas, but at least there is a credible 40% or so market share for an alternative.

If that happens, the commercial balance between MNO's and towerco's will shift, at least to some extent. The bargaining power of the alternative towerco, now nearly non-existent, will increase dramatically. The MNO's dealing with the new market player will no longer be able to unilaterally dictate

Owners	Number of towers before the Sales by Robi and Bangla-Link (approximately)	
E.Co	13,000	
AB High Tech Consortium	500	
Summit Towers	600	
Kirtonkhola	100	
MNO's before the Sale	25,800	
MNO's after the Sale	17,800	(8,000 towers move from MNO's to Towerco's)
Total	40,000	
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Smartphone penetration rate	33%	
Mobile internet penetration rate	35%	

rentals and others terms. On the other hand, E.Co's 90% position would also be gone, so MNO's may, depending on the local situation per area, find a better deal on that side.

But is that likely to happen? Would it not be in Robi (read: Axiata's) interest to spread the towers as wide as possible over the other three tower licensees, so as to not create a large bloc opposing its friend E.Co? Perhaps, but various rules and forces will operate against such a strategic play. Robi is a listed company on the Dhaka Stock Exchange

and cannot just do what one, even strategic, shareholder wants. Plus, do not forget about banga-Link's towers, actually the larger block coming up for sale.

All in all, very interesting times in Bangladesh's telecom landscape. The players may be aware that the outcome of this game cannot be fully predicted in advance.

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