

DISTRIBUTION THESIS Single digit cost contribution



Contents

- Current status and Market Context
- Strategic ambition and key levers
- Cost Strategy: Growth and Operation
- Summary on distribution Excellence
- Potential Risk and mitigation plan

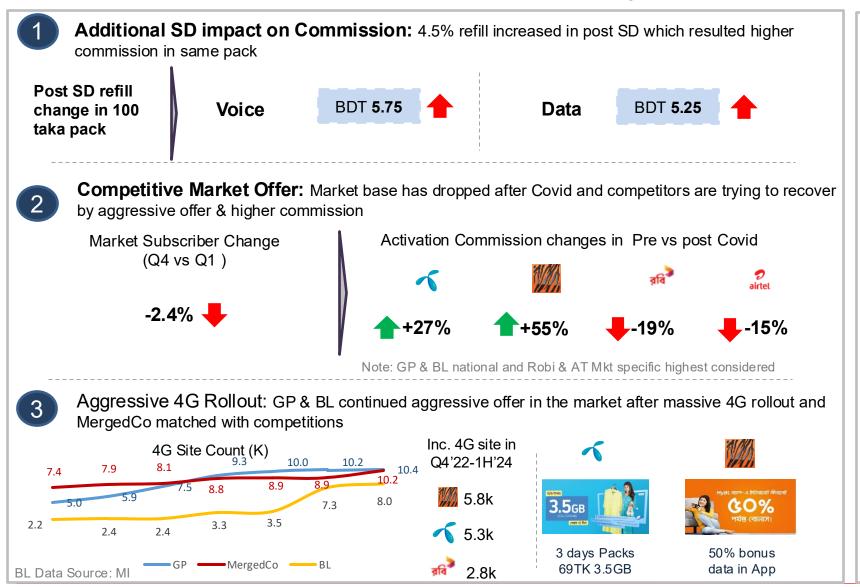


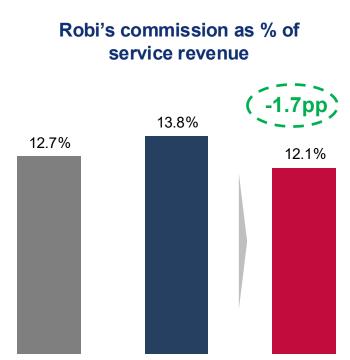
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Current Market Context: Multiple challenges in the market forced to increase cost while BL reduced 1.7pp of commission as % of service revenue in last 2yr





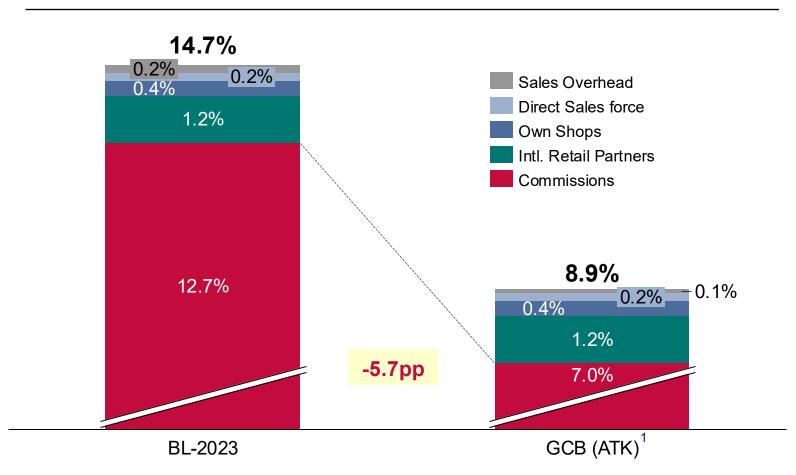


Reduced commission % of service revenue although multiple challenges forced to increase cost

Global cost benchmarking by ATK: Sales commission is the main gap area with -5.7pp deviation vs global reference



Distribution cost % of revenue





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Distribution Overarching ambition: Reach customer digitally or nearest place available



Distribution overarching ambition

Reach Customers Digitally
On the Go

- Or Maximum within 50m ~ 100m

 Distance nationally
- 70%+ Digital Recharge by 2024
- 10% digital Acquisition

- Min 3 SIM POS/site
- Min 10 EL POS/site
- Min 5 Data POS/site
- 1 R-store in every union

Accelerated digitalization and cost efficient environment

Strategic ambition: Digital first and cost effective distribution architecture to reach single digit cost as % of revenue by Year











Aspiration on Operation Excellence: Single Digit commission as % of revenue by Year





^{*} Normalization of SD impact & SIM Tax applied for comparison purpose

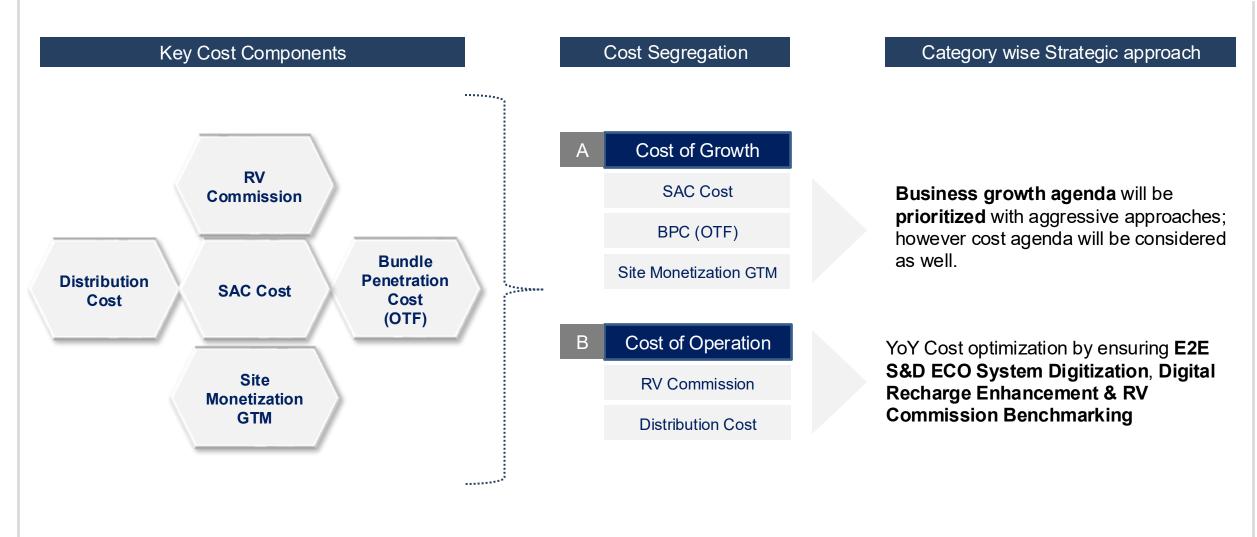


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Cost Strategies: Cost category identification & segregation as per cost nature & impact in business operation





Cost of Growth Strategies – SAC: YoY SAC optimization yet maintaining the same level of Gross Add



Stay Competitive, MOP

- Ensured Market Competitiveness
- Higher Trade Share & Preference
- Additional Retail Push

Al Driven GA Al driven GAP analysis & recommendation sharing based on Churn & GA analysis

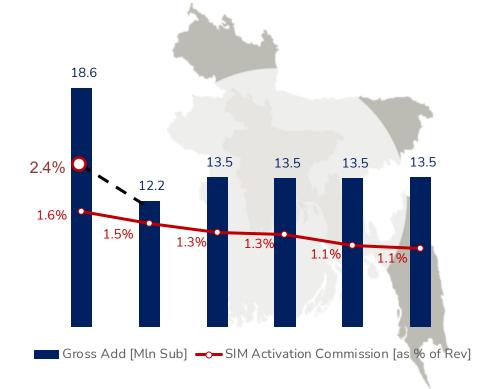
Stable RGB & Churn Management

- Maintain RGB
- Optimum Churn Management
- · New customer acquisition
- Create Revenue Conversion

New & Non BEP

- Distribution Footprint Creation
- · Driving RGB & Revenue
- Consumer Awareness & Engagement

Site GTM

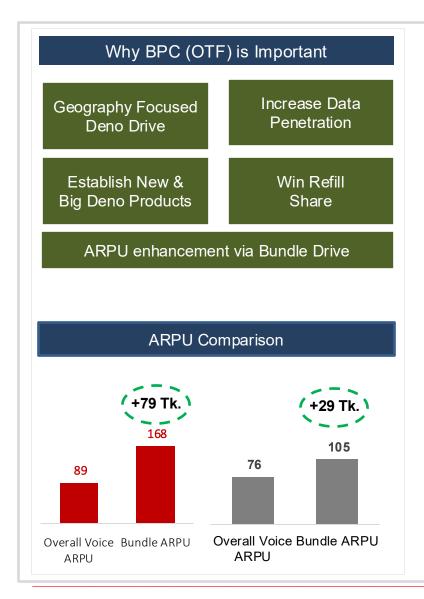


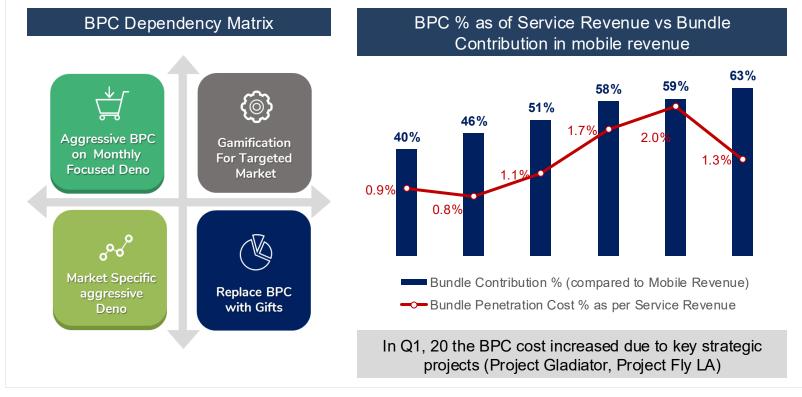
YoY Activation Commission Ratio vs Gross Add Roadmap

- Including SIM Tax impact by 2018 Normalization, % would be 2.4% instead of 1.6%
- Based on market competitiveness scenario, activation commission plan may change

Cost of Growth Strategies – Bundle Penetration Cost (OTF): Lowering BPC keeping harmony with industry leader and dependency matrix



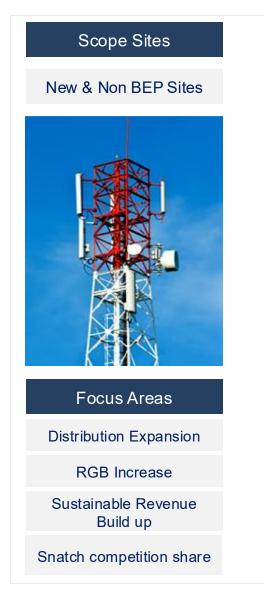




YoY BPC Driving Plan									
2021 2022 2023 2024 2025 2026									
0.6%	1.7%	1.0%	0.7%	0.5%	0.5%				

Cost of Growth Strategies – Site Monetization GTM: Focused 360° activities in New & Non BEP Sites ensure growth agendas are being driven







Cost Of Growth Strategies – Site Monetization GTM Strategy: Site monetization plan to be continued focusing on New & Non BEP sites



Site Monetization GTM Strategic Roadmap: Y2024 - Y2026

Till Y2024 Scope Assumptions

15% ~ 20% of of the total Sites will fall under the GTM Scope!



REACH

Site Survey

Channel Readiness

ACQUIRE



RETAIN

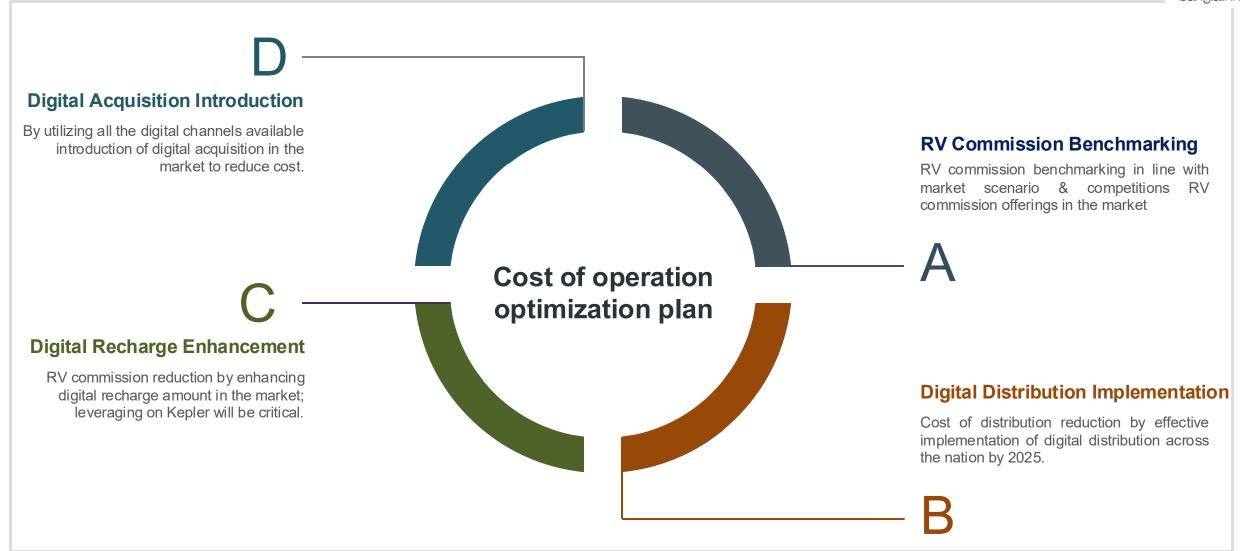
Service Monitor & Ensure

Performance Monitoring

Trade & Customer Loyalty

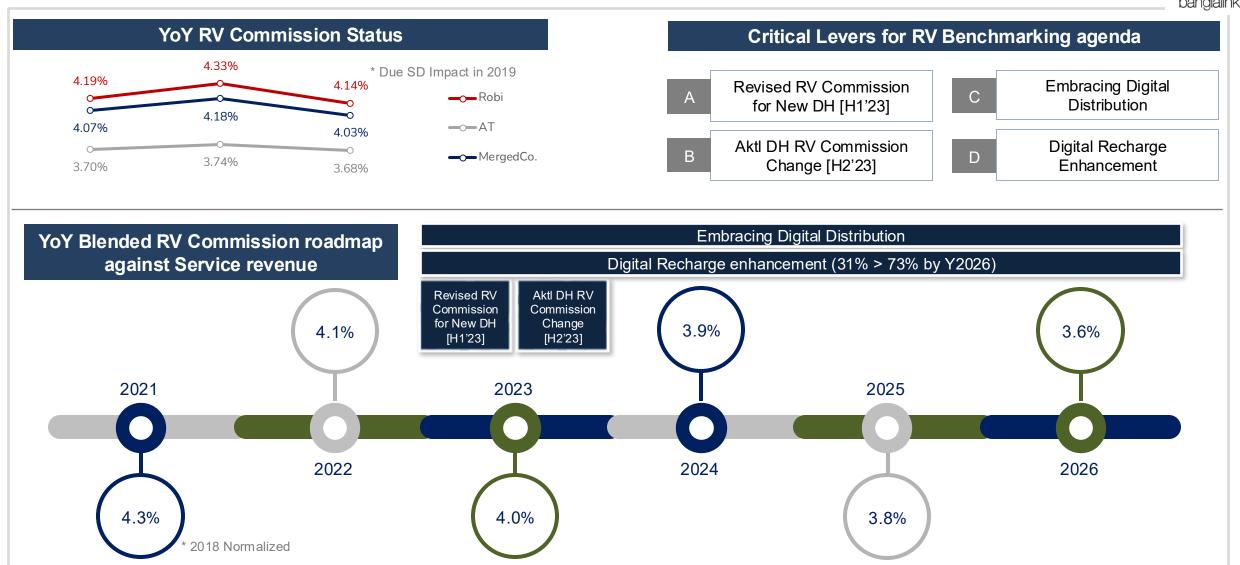
Cost of Operation Strategy: Cost of operation optimization through implementation of different optimization levers





Cost of Operation Optimization – RV Benchmarking: Cost of operation optimization through implementation of different optimization levers

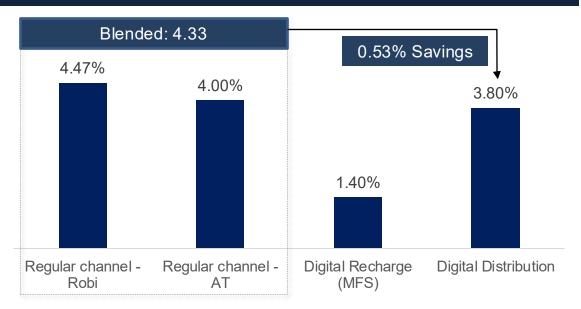


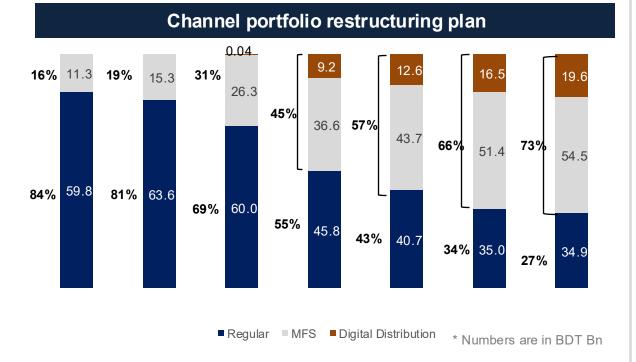


Digital Distribution: Transformation of physical channel set up into a digital distribution eco-system





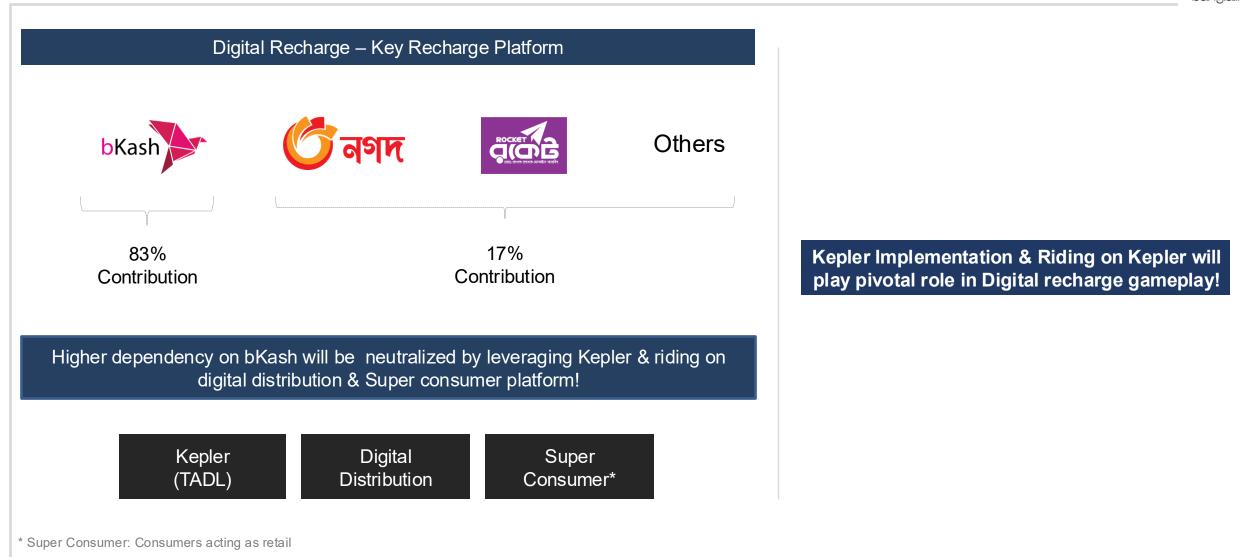




- Lowest costs in Digital Recharge (MFS) Channels
- Regular channel: Retail + Distributor Cost highest
- Digital distribution cost is lowest at this point of time considering all other channels
- Digital Distribution emerging as a new channel from Y2020 contribution to grow to 18% in Y2024; depending on market readiness & competitive scenario
- Expected contribution through Digital recharge 55% in Y2024
- Expected reduction of the regular channel from 69% (currently) to 27% by end of Y2024.

Digital recharge enhancement: 73% digital recharge will be delivered by Y2024 riding MFS partners (especially Kepler), Digital Distribution & Super Consumer!





Digital recharge enhancement – Digital Acquisition & Super Consumer: New initiatives to ensure commission layer elimination resulting cost optimization



Digital Acquisition – Customer self Acquisition System

- Direct customer onboarding via digital channel, digitally information collection & finally home delivery of the SIM card!
- Elimination of regular commission channel layers (Distributor, retail) resulting cost optimization



Super Consumer – Consumer acting as digital retailer

- Consumer network to drive convenience, digital experience & life style.
- Services: Telco Products, IOT & Binge, VAS & other digital products
- Commission/Cash/Point/Data as incentive/reward



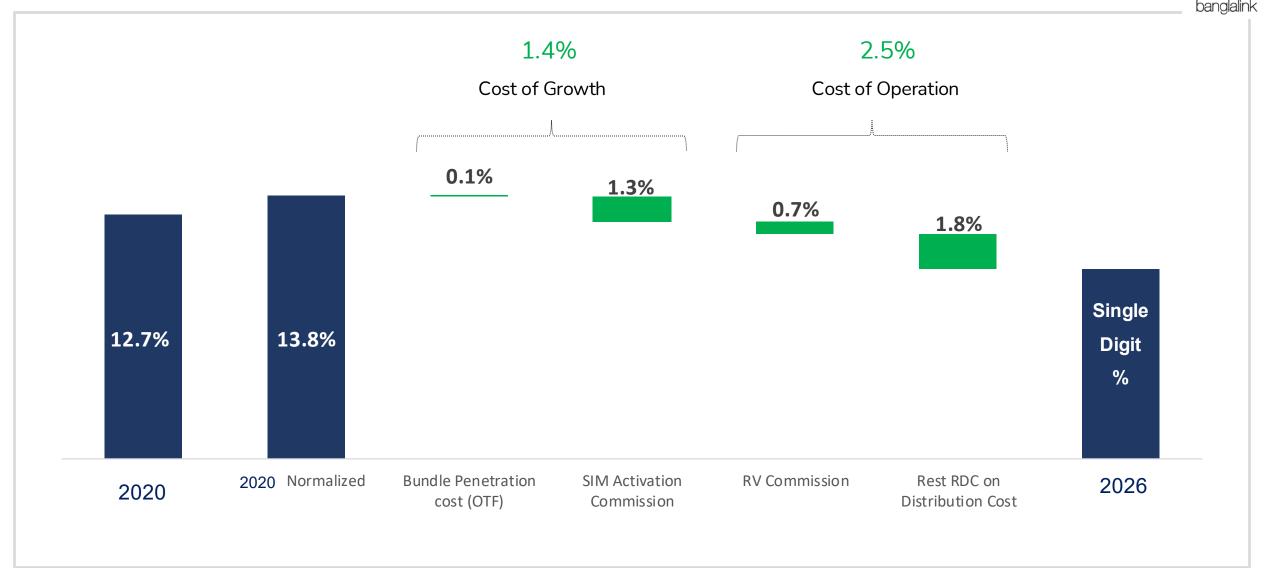


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Distribution cost % of revenue – Reduced from 13.8% in 2020 (Normalized) to Single Digit % by Y2026







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Potential Risk and mitigation plan



Potential Regulation Change Impact

- Regulation change may impact the overall planning
- Potential SD impact or any others
- Regular engagement with regulatory bodies to minimize regulation change

Market competitiveness scenario

- In order to stay competitive in the market against aggressive competition cost planning may get changed.
- Specially on the SAC part
- Competitive edge ensuring through innovation & efficiency.

Aggressive assumption on digital recharge

- Aggressive digital recharge growth has been assumed
- From 31% (Y20) to 73% (Y24) jump has been considered
- Implementation of strategic initiatives to drive digital recharge.



Thank You



Backup Slides

Results from AT Kearney research on commission benchmarking: 12.7% of rev for banglalink in 2018 with a 7.0% of rev benchmark





ltems	BL 2020	Gap with benchmark	Benchmark	% of Rev Benchmark	BL 2020 % of Rev
Direct Sales force	164.2	0	164	0.2%	0.2%
Own Shops	263.7	0	264	0.4%	0.4%
Sales Call Centers	0	N/A			0.0%
Online Channel	0	N/A			0.0%
Intl. Business Channels	0	Na			0.0%
Intl. Retail Partners	845.1	0	845	1.2%	1.2%
Wholesale sales	0	N/A			0.0%
Commissions	8656.6	3892.7	4764	7.0%	12.7%
Sales Overhead	121.4	63	58	0.1%	0.2%
Total	10051	3955.7	6095	9.0%	14.8%

AT Kearny GLs for sales commission for 2020: Below selective cost heads from SAC and RDC where of Sales commission benchmarking

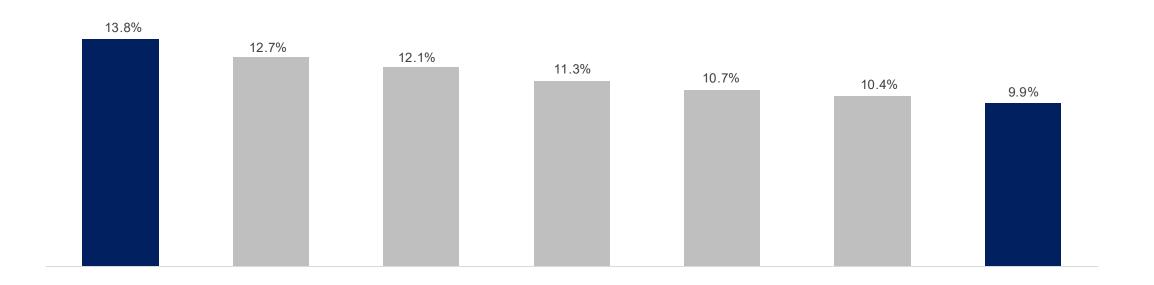


P&L GL	P&L GL Narration	Sub- category	FS line item	ATK Class	ATK subclass
70200025	Upfront Commission on RV Sales	Dealers' Commission	RDC	Sales	Commissions cost
70200026	Upfront Commission on Starter Kit Sales	Dealers' Commission	SAC	Sales	Commissions cost
70200027	Upfront Commission on Replacement SIM Sales	Dealers' Commission	RDC	Sales	Commissions cost
70200028	Dealer's Commission Registration Processing	Dealers' Commission	SAC	Sales	Commissions cost
70200030	Secondary Commission - Starter Kit Documentation	Dealers' Commission	SAC	Sales	Commissions cost
70200031	SIM Lifting Service Provider (LS/DS) Charges	Dealers' Commission	RDC	Sales	Commissions cost
70200034	Channel Contest Commission/Incentive	Dealers' Commission	RDC	Sales	Commissions cost
70200035	Secondary Commission - Refill	Dealers' Commission	RDC	Sales	Commissions cost
70200039	Device Commission	Dealers' Commission	RDC	Sales	Commissions cost
70200042	Channel Contest Commission/Incentive-Gift"	Dealers' Commission	RDC	Sales	Commissions cost

YoY Aspiration on Operation Excellence: Single Digit commission as % of revenue by Y2026

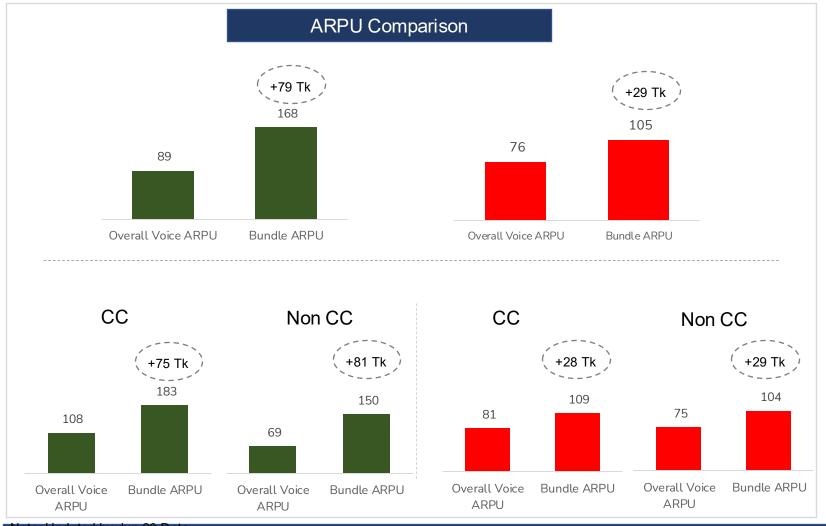


	2021 Norm.	2021	2022	2023	2024	2025	2026
RV Commission	4.3%	4.0%	4.1%	4.0%	3.9%	3.8%	3.6%
Upfront commission	0.6%	0.6%	0.3%	0.3%	0.3%	0.3%	0.3%
Registration Processing Commission	0.2%	0.2%	0.6%	0.6%	0.6%	0.6%	0.6%
SIM Activation Commission	2.4%	1.6%	1.5%	1.3%	1.3%	1.1%	1.1%
Bundle Penetration cost (OTF)	0.6%	0.6%	1.7%	1.0%	0.7%	0.5%	0.5%
Distributor & DSR Variable Incentive	0.6%	0.6%	0.9%	0.9%	1.0%	1.0%	0.9%
Trade Campaign	0.6%	0.6%	0.3%	0.3%	0.4%	0.4%	0.4%
Secondary Commission - Refill	4.4%	4.4%	2.7%	2.8%	2.5%	2.6%	2.5%
Commission as % of Service Revenue	13.8%	12.7%	12.1%	11.3%	10.7%	10.4%	9.9%



ARPU Enhancement through bundle drive: Higher ARPU gain through conversion of non bundle taker to bundle taker

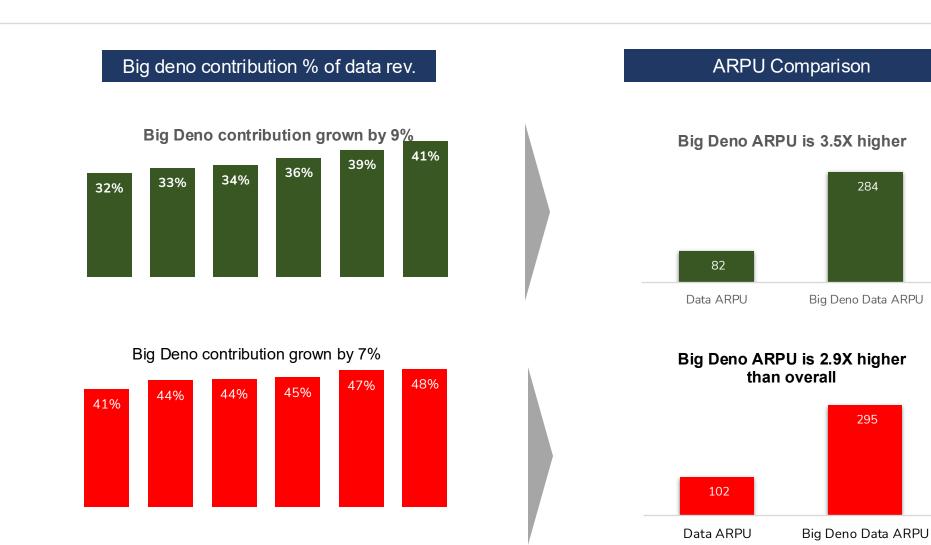




Note: Updated by Jun 20 Data Bundle penetration increase user ARPU which resulted higher contribution in voice revenue

Data price decline: Big deno bundle helped to grow data revenue as big deno bundle user ARPU is higher than overall ARPU







2.9~3.5x higher ARPU in big deno

Cost of operation optimization – digital distribution: Transformation of physical distribution set up int digital distribution eco-system



Physical Distribution vs Digital Distribution Process

Physical distribution



- Physical supply chain dependency
- Large number of partners.
- Human engagement dependency

Digital distribution



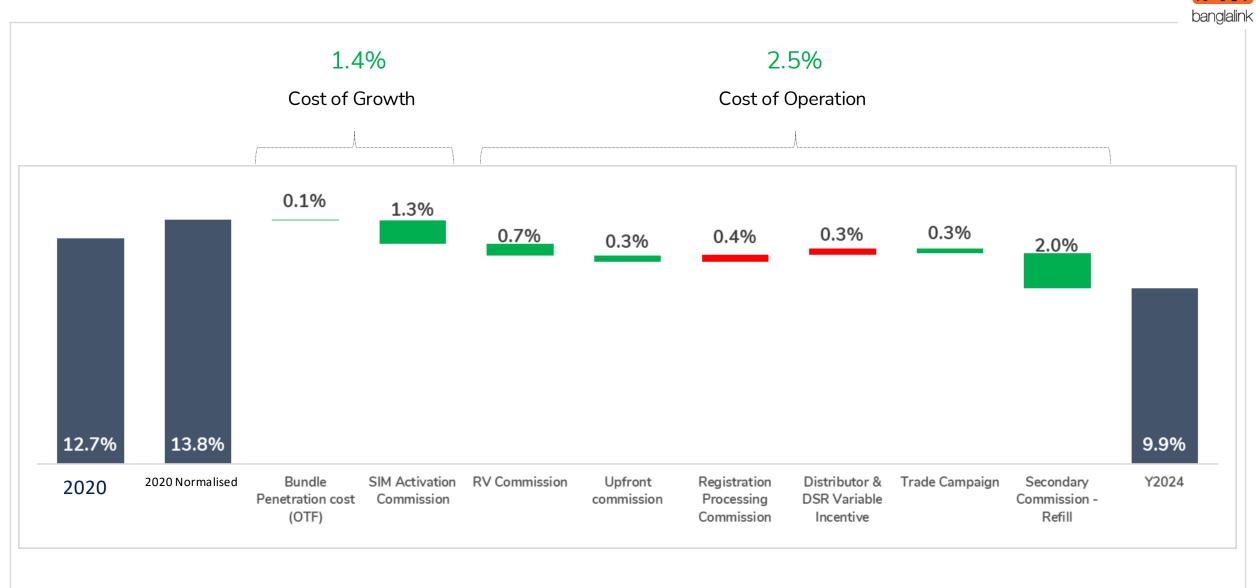
- Digital infrastructure [ordering, delivery, payment system etc.]
- Only a few partners
- Reduced human interaction

Strategy is to increase digital distribution to 30% of Easy Load total volume

- Onboard all local distributors as digital distributor
- Digital distributor commission 80% lower than physical
- Uptake of DD service by retailers [with low support from local dist.]
- Consolidation of local distributors to maintain volume
- Offer additional business [SIM sales, IOT products, Digital services etc.]
- Evolve into digital distribution as sperate business

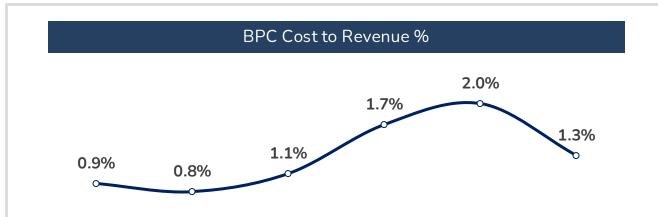
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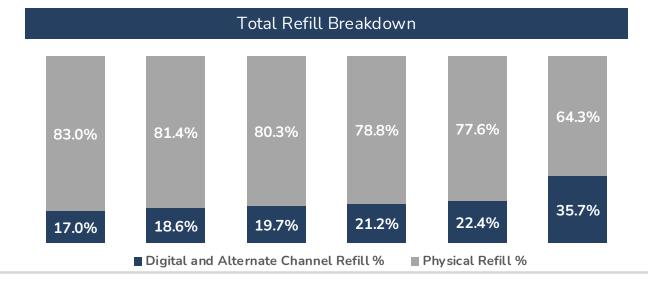


Revenue, BPC and Refill Trend: BPC will be further reduced as Digital and MFS recharge increases





- BPC as a % of revenue jumped in Q1'23 due to special projects such as Gladiator and Fly to LA
- BPC starting to be optimized
- BPC in Q2 and Q3 focused on maintaining revenue after price change due to SD increase



- Contribution % of Digital and Alternate Channel refill Increasing
- Higher Digital and Alternate Channel refill contribution will help in optimizing BPC
- Digital and Alternate Channel contribution expected to further rise in the future

Competitive landscape: Distribution parameter & site summary



Category			রবি	a irtel
DH Count	350	180	369	333
DSR Count	5.5K	3.8K	4K	2.6K
Active Retail Base	363K	270K	292K	212K
Active SIM POS	55K	40K	32.5K	17.5K
4G Sites	11.3K	8K	-	-

Competitive landscape: Distribution House & DSR KPIs & Incentive modality





Monthly KPI Incentive:



Regular Monthly Offering KPI: C2C, EL Data Sales, DSR POS Visit



Regular Monthly Offering



Regular Monthly Offering [Mar'20] KPI: EL+SC [Primary+Secondary], El Data Sales



Monthly KPI Incentive:



TTL 7.8K/DSR]



GA Driven [GA:3K/DSR; TTL 7.5K/DSR]



RV [C2C+SC] Driven [RV: 3K/DSR; TTL 4K/DSR]

Competitive landscape: Insurance benefit details for DSRs



Operator	Insurance Benefits	Case Limits	Coverage / Benefits	Yearly Cost /Pax [BDT]	2020 Promotional Cost /Pax [Q2'20~Q4'20] [BDT]	Remarks	Insurance Partner [if applicable]
	Life Coverage Accidental Death Coverage	Death	100,000			either life / accidental death coverage	
	In Patient Coverage	Yearly Max	30,000	730	416		Progati / Sandhani
Robi / AT	Out Patient Coverage	Yearly Max	3,000		410		r Togati / Sanunani
	Covid Test Coverage	Yearly Max	3,000			for Covid, 20k/DSR additional by Robi	
	TTL	•	36,000	730	416		Manages by VAS Partner
oanglalink	Life Coverage Accidental Death Coverage In Patient Coverage Out Patient Coverage Corona Test Coverage	Death	100,000 100,000 50,000	1,659	NA	2x coverage; accidental death on top of Life Coverage No Max Limit Not Offered Not Offered	Met Life Alico
	TTL		250,000	1,659	NA		Manages by Outsource Service
GP	Special Support	Death	100,000	NA NA	NA	[i] by GP [ii] for Covid, 10k/DSR additional by GP by GP DH	No Insurance Coverage Offered to DH FF
	TTL		200,000	-			Manages by GP & DH

Pre & Post COVID Period Trade Campaign Comparison





- GP focusing heavily on GA during post COVID period. On top of regular campaign (03 Months long GA & EL deno campaign), GP also launched 360 degree GA Booster campaign for 10 days which covers incentives for Retail, Distribution House FF & Distributor.
- BL also focusing on GA by providing higher incentive to retail during Post COVID period compared to Pre COVID.
- Both GP & BL are giving higher incentives to retail & DSR in EL deno campaign during Post COVID period compared to Pre COVID.
- In Post COVID period, significant aggression is observed for GP & BL in overall trade campaigns in terms of GA & EL Deno.

GA Trend QoQ & Activation quality status





Industry RV commission comparison



Electronic Recharge Commission Structure

Product	<		0	*
Distributor	1.11%	1.11%	0.94%	1.41%
Retail	3.06%	3.06%	3.06%	3.06%
Total	4.17%	4.17%	4.00%	4.47%

Scratch Card commission structure

Product	<		•	/
Distributor	1.07%	1.11%	1.19%	1.11%
Retail	2.88%	3.06%	3.06%	3.06%
Total	3.95%	4.17%	4.25%	4.17%

• Subject to 10% AIT deduction on commission

Industry Acquisition commission comparison - Distributor

















Particulars	Grameen phone	Robi (CCN)	Robi (DHK)	Robi (Rest)	Banglalink	Airtel (DHK)	Airtel
MRP	200	200	200	200	200	200	200
Retailer Lifting	190	190	190	190	190	180	180
Distributor Lifting	180	183	183	183	190	171	171
Upfront commission	10	7	7	7	-	9	9
Usage Bonus	-	5	8	10	15	5	10
4G/3G Acquisition Comm.	N/A	6/3	6/3	6/3	-	6/3	6/3
Total	10	18/15	21/18	23/20	15	20/17	25/22

[•] Subject to 10% AIT deduction on commission

Industry Acquisition commission comparison - Retail

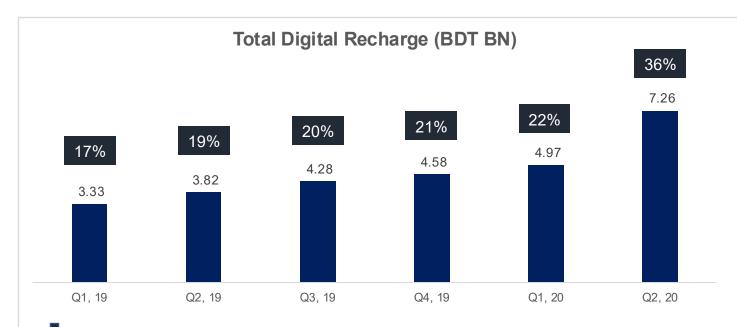


Particulars	GP	BL	CTG N,S & NOA	CTG M, CUM & LAX	DHK	KHL & KUS	MYM & SYL	BAR, RAJ & RNP	CTG N,S & NOA	CTG M, CUM & LAX	DHK, KHL, KUS, BAR, RAJ & RNP	MYM & SYL
MRP	200	200	200	200	200	200	200	200	200	200	200	200
Retailer Lifting	190	190	190	190	190	190	190	190	180	180	180	180
Upfront	10	10	10	10	10	10	10	10	20	20	20	20
ETSAF	-	5	5	5	5	5	5	5	5	5	5	5
Activation Bonus	100	102	75.56	86.67	111.11	117.78	105.56	116.67	44.44	55.56	81.11	81.11
1 st Recharge Com.	40	103.23/ 224.22	81.11	81.11	81.11	81.11	81.11	81.11	92.22	92.22	92.22	92.22
2 nd Recharge Com.	40	-	-	-	-	-	-	-	8.89	8.89	11.11	11.11
Total	190	220 / 341	171.67	182.78	207.22	213.89	201.67	212.78	170.55	181.67	209.44	209.44

Subject to 10% AIT deduction on commission

Digital Recharge QoQ Volume & Contribution









e sales contribution in total revenue (%)

MoM Contribution	in Digital	Recharge
	III Digital	i to citati go

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
bKash	84%	83%	82%	85%	85%	84%	83%	83%
DBBL	7%	6%	6%	5%	5%	6%	6%	6%
Nagad	3%	3%	4%	3%	3%	3%	3%	4%
Cash	0%	0%	0%	0%	0%	0%	0%	0%
SingleApp/Website	1%	2%	2%	2%	2%	2%	2%	2%
DS Others	0%	0%	0%	0%	0%	0%	0%	0%



Competitions' special channel: 8K POS of GP | 4.5K POS of BL







Competitions are taking exclusive control over the top priority POS; the spread is on the rise