

*Smart Axiata Co., Ltd. Recognized as the*

**2021**

**Company of the Year**

Cambodia Mobile Data Services Industry

*Excellence in Best Practices*



## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Smart Axiata Co., Ltd. (Smart Axiata) excels in many of the criteria in the Cambodian mobile data service space.

AWARD CRITERIA	
<i>Visionary Innovation &amp; Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

### *Addressing Unmet Needs and Visionary Scenarios through Mega Trends*

With a mobile penetration of nearly 130%, the Cambodian mobile communications market is one of the most competitive in Asia-Pacific (APAC), with more competition forcing several operators to close shop in recent years. For example, the number of operators decreased from 10 in 2012 to 5 at the present time. With higher consumer demand, mobile network operators (MNOs) find it difficult to meet customers’ increased data needs efficiently while continuing to invest in new products and services to maintain a competitive edge.

Major operators are currently implementing 5G networks and are expected to launch 5G services by the end of 2021. The Cambodian market will be served by increasingly faster connection speeds as MNOs expand their 4G networks and launch 5G networks.

Smart Axiata was formed in early 2013 from a merger between two telecommunication companies, Hello Axiata and Latelz Co. Ltd (Smart Mobile). Since its inception, Smart Axiata has become a leading mobile data service provider and a leader in the Cambodian mobile data service market. Most of Smart Axiata’s success comes from its exceptional customer-centric business focus on meeting the market’s evolving needs by prioritizing customers and continually improving its mobile network infrastructure, despite the COVID-19 pandemic. For example, Smart Axiata invested \$294 million in capital expenditure (CAPEX) in 2020 to ensure stable mobile service connectivity for 7.5 million subscribers across Cambodia. As a result, the company has broadened its network coverage and improved its product offerings while maintaining a dominant share in Cambodia’s mobile data services market.

*“Smart Axiata continually innovates new ways to improve the customer experience, including providing faster and reliable mobile data service. To this end, the company is expanding its 4G LTE network to cover 91.5% of Cambodia’s population. Among its competitors, Smart Axiata is the only company focused on meeting the market’s evolving needs by prioritizing customers and continually improving its mobile network infrastructure, despite the market disruptions caused by the COVID-19 pandemic.”*

**- Dewi Rengganis, Industry Analyst**

Smart Axiata identified early the need to support the mobile-first data strategies of its customers and partners and has since proactively invested in next-generation technologies to deliver improved mobile data experiences. For example, in 2014, Smart Axiata became the first operator to launch 4G long-term evolution (LTE) in Cambodia and currently operates approximately 3,000 network sites across the country, allowing subscribers to use a 4G LTE network that covers 91.5% of Cambodia’s population. In contrast, the company’s closest competitor has a total of only 2,200 base stations. According to the Cambodia Mobile Network Experience Report by Opensignal (August 2020), Smart Axiata led in the following two categories: in 4G, with Smart Axiata covering 91.5% of the population (the closest competitor covered 70%) and in download speed experience of 8.9

megabits per second (Mbps) (the closest competitor averaged 7.0 Mbps). Download speed experience is an important metric because it impacts the customer’s experience when accessing mobile data.

5G represents a fundamental shift in communication network architectures that will accelerate revenue generation from innovative services facilitated through 5G-enabled smartphones, tablets, laptops, and Internet of Things (IoT) devices. Moreover, 5G technology will deliver a potent combination of network capabilities and flexible options for network deployments, improving the ability of mobile operators to deliver a differentiated, customized, and scalable wireless experience. Smart Axiata has taken an early leadership in 5G and is working closely with global 5G infrastructure and solution providers, such as Huawei Technologies, to deliver integrated 5G solutions.

In collaboration with Huawei, Smart Axiata is exploring use cases that will bring a new experience to end customers, such as improved video streaming quality and a better virtual reality (VR) and mobile gaming experience. As a result, Smart Axiata is both trendsetting and revolutionizing the Cambodian mobile service industry while creating use cases to enhance the product offerings that are the most relevant to customers.

From its early establishment in 2013, when it set out to provide mobile services to the Cambodian market, Smart Axiata has continued to grow and has a customer base of 7.5 million subscribers, as of 2020. Frost & Sullivan notes that the successful merger between two MNOs in 2013, combined with Smart Axiata’s investment in mobile network service and partnerships with industry stakeholders, exemplify the successful strategies that have boosted Smart Axiata’s customer base and strengthened its market competitiveness in both technology innovation and mobile service offerings in Cambodia.

### ***Price/Performance Value and Customer Purchase Experience***

To provide affordable mobile tariffs and packages to subscribers, Smart Axiata offers seven different mobile service plans to serve different customer needs, whereas its rivals’ plans feature more limited offerings. For instance, Smart Axiata’s StreamOn plan provides customers with unlimited access to social media sites, such as Facebook and TikTok, for as low as \$2 per week. Moreover, each plan is eligible for attractive promotions that save customers money, such as a trade-in mobile phone program and mobile reload lucky draw, which is a tactical promotion that offers users a chance to win mobile devices. The company devised these plans and promotions with the needs and affordability of the Cambodian people in mind.

Furthermore, to cater to the growing demand for digital content, Smart Axiata partnered with Apigate, a Malaysian-based API platform company, and rolled out the Storefront solution in 2020. Storefront is a marketplace for online gaming that enables Smart Axiata subscribers to use their balances to purchase a range of online gaming. In addition, Smart Axiata has significantly upgraded its Smart Music service by rebranding it as Pleng by Smart. This service allows users to access more than a million songs in both online and offline mode, without advertisements. These examples highlight the company's commitment to innovation and are a testament to the speed of execution and strategic approach to generate customer loyalty.

To deliver the best customer service experience during the COVID-19 pandemic, Smart Axiata offered free voice calls, mobile data, and mobile lifetime extension to support subscribers during the lockdown. In addition, Smart Axiata has improved its SmartNas mobile application to provide customers with visibility on their use and the ability to modify their mobile service plans. The SmartNas mobile application allows customers to purchase Smart@Home service, which is a bundled service that includes a Wi-Fi router device, eSIM, and mobile data package. For each customer that subscribes to Smart@Home, Smart Axiata provides free home delivery and sales support for device installation.

### **Financial Performance**

Smart Axiata had a successful 2020 in the Cambodian mobile data industry. Mobile data contributed 70% of the company's total revenue, reaching \$236 million. The company witnessed an increase in monthly data use per user, from 13.3 gigabits (GB) in 2019 to 16.8 GB in 2020, representing a year-over-year (YoY) growth rate of 26.3%, and handled this increased demand without any operational disruptions.

Smart Axiata's overall revenue grew by 3.6% YoY in 2020, reaching \$338 million, even though Cambodia experienced negative growth in the national gross domestic product. The main driver for Smart Axiata's growth included expansions in the prepaid, mobile data, interconnect, and enterprise business fields. Similarly, earnings before interest, taxes, depreciation, and amortization (EBITDA) significantly improved, from \$173.5 in 2019 to \$185 million in 2020, at a YoY growth rate of 6.6%. This positive financial performance indicates that the company is becoming increasingly more efficient. Moreover, in terms of free cash flow (FCF) performance, Smart Axiata recorded a YoY growth rate of 35.9% in 2020, reaching \$114.2 million.

Collectively, Smart Axiata maintained its excellent performance track record in 2020, delivering another year of solid growth across all metrics based on its strategies for improving network coverage and data speeds, in addition to expanding its product and service offerings.

### **Brand Equity**

Smart Axiata's renowned brand image as a mobile data service leader in Cambodia is based on the ability to innovate and promote digital adoption to improve the quality of life for the community. For instance, the company partnered with UNESCO, the esteemed global organization, to support the Basic Education Equivalency Program (BEEP) in Cambodia. A total of 21 BEEP learning centers were established in 2020, and the program will expand to a total of 35 learning centers by 2023. Through this program, Smart Axiata has committed to providing 350 Internet-connected tablets and 350 SIM cards with unlimited data packages so that 500 students can access online courses.

Beyond its strategic partnerships, Smart Axiata has received Best Telecommunications Company Cambodia 2020 and Best Corporate Social Responsibility (CSR) Company Cambodia 2020 awards from Global Banking & Finance Review. In addition, Smart Axiata is the first Cambodian operator to push past the 90% mark for 4G availability in the country, indicating the increasing maturity and ubiquity of its 4G network.

These partnerships and achievements have strengthened Smart Axiata's brand equity as the leading mobile data service provider of choice in Cambodia.

## Conclusion

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Over the years, Smart Axiata has maintained its market leadership position in Cambodia and has overcome the challenges of the COVID-19 pandemic by building growth partnerships with key industry participants and pivoting to offer value-added services, such as Smart@Home, that support a positive user experience. In addition, Smart Axiata demonstrates visionary leadership and consistently provides better quality service to customers by continually investing in its networks and products that enhance the customer experience. Moreover, the company actively engages with industry participants and is aggressively preparing for the first 5G rollout in Cambodia, ahead of the top competitors.

With its strong overall achievement and delivery of innovative products and services that accelerate digital adoption in Cambodia, Smart Axiata Co., Ltd. earns Frost & Sullivan's 2021 Company of the Year Award in the Cambodian mobile data service industry.

## What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

### Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Visionary Innovation & Performance*

**Addressing Unmet Needs:** Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

**Visionary Scenarios through Mega Trends:**

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first to market solutions and new growth opportunities

**Leadership Focus:** Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

**Best Practices Implementation:** Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

**Financial Performance:** Strong overall business

performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

#### *Customer Impact*

**Price/Performance Value:** Products or services provide the best value for the price compared to similar market offerings

**Customer Purchase Experience:** Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

**Customer Ownership Experience:** Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

**Customer Service Experience:** Customer service is accessible, fast, stress-free, and high quality

**Brand Equity:** Customers perceive the brand positively and exhibit high brand loyalty

