

Business Overview

The overall telecommunication market environment in Thailand has remained in high competition. The services revenue has been shifted in the direction of growing in data connectivity demand and technology support for digital transformation including Big Data Analytics, upcoming 5G network deployment, Artificial Intelligence (AI) and Internet of Things (IoT). These will be an opportunity for Symphony to capture this trend in the long run.

Symphony has recognized the positive momentum growth from the direct enterprise market with innovative products offering with bundling of ICT solutions/services. To continuously offer value proposition to the customers, Symphony strives to improve its quality of network efficiency and best services to serve customers at their satisfaction levels, proactively manage the cost efficiency and fast responses to the dynamics of each market. In view of the solid business fundamentals, Symphony is fully committed in building a sustainable platform by continuously investing in innovation and operating efficiencies for long-term profitable growth.

In 3Q2018, Symphony recorded higher earnings on YoY with EBITDA and Net Profit increased to Baht 162.8 million and Baht 15.6 million respectively. The improvement in profitability was attributable to the Company's prudent cost reduction and optimisation initiatives, despite the lower revenue base compared to 3Q2017.

For 9M2018, the EBITDA improved by 4.7% on YoY to Baht 496.0 million, driven significantly on lower operating cost, mitigating the revenue reduction. Net Profit was lower at Baht 49.2 million, due to higher depreciation, financing cost and tax expense on comparative period.

3Q2018 Performance Overview

Revenue

In 3Q2018, Services Income was Baht 327.1 million, improved by 0.8% QoQ due to improved sales but remained lower by 4.3% YoY, mainly due to lower contribution from International services segment, set-off with the higher revenue growth from Domestic Services segment.

Other Income was Baht 0.4 million, lower for both QoQ and YoY comparative periods, mainly due to lower of forex gain movement from higher forex gain of Baht 6.6 million in Q2 to forex loss of Baht 3.2 million in Q3 and net gain on network assets sold.

Costs of Services and Sales

Costs of Services and Sales in 3Q2018 were Baht 214.9 million, increased by 2.8% QoQ due to increase in maintenance expense and network depreciation cost from network expansion to support the increase of domestic service segment. On YoY, it decreased by 6.3% due to cost reduction/control initiatives.

For 9M2018, the Costs of Services and Sales also declined by 3.9% to Baht 648.0 million, contributed by lower network connectivity fee, lower regulatory fee and cost reduction/control initiatives, off-set with higher depreciation on network assets.

Service & Administrative (S&A) Expenses

Service & Administrative expenses in 3Q2018 were Baht 71.0 million, decreased by 20.6% YoY mainly due to lower operational cost from various cost optimisation initiatives executed since previous quarters. However, it increased slightly by 0.9% QoQ due to increase in service expense.

The S&A expenses also declined significantly by 17.9% in 9M2018 comparing to same period last year.

EBITDA and Net Profit

On YoY comparison, EBITDA increased by 9.0%, contributed by lower operational cost. Net Profit increased by more than 100% due to lower cost of service & sales and lower financing cost.

On QoQ comparison, both EBITDA and Net Profit were lower by 5.9% and 22.9%, mainly due to the effect of lower forex gain movement (as mentioned under Revenue section above) and higher costs of services & sales. Excluding higher forex gain of Baht 6.6 million in Q2 and forex loss of Baht 3.2 million in Q3, the core EBITDA and Net Profit in Q3 would have been higher.

For 9M2018, the EBITDA was Baht 496.0 million, up by 4.7% but Net Profit was Baht 49.2 million, lower by 3.9%, due to higher depreciation, financing cost and tax expense incurred on comparative periods.

Income statement (Unit : Million Baht)	Amount			Change		Amount		Change
	Q3/17	Q2/18	Q3/18	(%) QoQ	(%) YoY	9M17	9M18	(%) YoY
Revenue								
Service Income	342.0	324.6	327.1	0.8%	-4.3%	1,064.4	992.4	-6.8%
Other income	1.9	8.3	0.4	-95.5%	-80.8%	3.1	12.1	>100%
Total Revenue	343.9	332.9	327.5	-1.6%	-4.8%	1,067.5	1,004.5	-5.9%
Costs of Services and Sales (excl. D&A)	(119.9)	(102.6)	(106.5)	3.8%	-11.2%	(368.1)	(327.1)	-11.1%
Depreciation & Amortization (D&A)	(109.3)	(106.5)	(108.4)	1.8%	-0.8%	(306.2)	(321.0)	4.8%
Total Cost of Services and Sales	(229.2)	(209.1)	(214.9)	2.8%	-6.3%	(674.3)	(648.0)	-3.9%
Service & Administrative Expenses (excl. D&A)	(74.6)	(57.4)	(58.2)	1.5%	-22.0%	(225.8)	(181.4)	-19.6%
Depreciation & Amortization (D&A)	(14.9)	(13.0)	(12.8)	-1.9%	-14.0%	(43.3)	(39.5)	-8.7%
Total Service & Administrative Expenses	(89.5)	(70.4)	(71.0)	0.9%	-20.6%	(269.0)	(220.9)	-17.9%
Operating Profit /(Loss)	25.2	53.4	41.6	-22.2%	64.9%	124.2	135.5	9.1%
Financial Cost	(25.2)	(24.6)	(23.9)	-3.2%	-5.5%	(66.8)	(74.1)	11.0%
Income Tax Expenses	3.3	(8.6)	(2.1)	-75.1%	<-100%	(6.2)	(12.2)	97.2%
Net Profit/(Loss) for the year	3.2	20.2	15.6	-22.9%	>100%	51.2	49.2	-3.9%
<i>Net Profit/(Loss) Margin</i>	<i>0.9%</i>	<i>6.1%</i>	<i>4.8%</i>			<i>4.8%</i>	<i>4.9%</i>	

EBITDA (Unit : Million Baht)	Amount			Change		Amount		Change
	Q3/17	Q2/18	Q3/18	(%) QoQ	(%) YoY	9M17	9M18	(%) YoY
EBITDA								
Operating Profit /(Loss)	25.2	53.4	41.6	-22.2%	64.9%	124.2	135.5	9.1%
Depreciation & Amortization (D&A)	124.2	119.5	121.2	1.4%	-2.4%	349.5	360.5	3.2%
EBITDA	149.4	173.0	162.8	-5.9%	9.0%	473.6	496.0	4.7%
<i>EBITDA Margin</i>	<i>43.4%</i>	<i>52.0%</i>	<i>49.7%</i>			<i>44.4%</i>	<i>49.4%</i>	

Statement of Financial Position and Cashflows

As of 30 September 2018, total assets were Baht 4,541.2 million, decreased by 7.9% from 31 December 2017.

Network equipment and PPE were Baht 3,289.4 million, decreased by 6.8% from 31 December 2017 mainly due to the recognition of depreciation.

Cash and cash equivalents was Baht 834.2 million, decreased by 13.9% from 31 December 2017 due to higher loan repayment and higher net cash outflow from normal operating activities.

Total liabilities were Baht 2,237.4 million, decreased by 16.4% from 31 December 2017 mainly due to higher loan repayment and trade account payable.

Total shareholders' equity was Baht 2,303.8 million, increased by 2.3% from 31 December 2017 due to the net operating result of the period. As of 30 September 2018, Debt to Equity (D/E) ratio was 0.97x.

Unit : Million Baht	31-Dec-17	30-Sep-18
Assets		
Cash and cash equivalents	969.3	834.2
Trade and other account receivables	197.5	192.7
Other current assets	110.2	110.4
Total current assets	1,277.0	1,137.4
Network equipment and PPE	3,529.5	3,289.4
Other non-current assets	123.0	114.5
Total non-current assets	3,652.4	3,403.8
Total assets	4,929.4	4,541.2
Liabilities and shareholders' equity		
Trade payables	321.7	193.3
Current portion of long-term/ short-term loans	384.7	317.0
Other current liabilities	46.8	41.2
Total current liabilities	753.2	551.5
Long-term loans	1,205.8	979.7
Debenture	658.2	659.1
Other non-current liabilities	60.2	47.0
Total non-current liabilities	1,924.3	1,685.9
Total liabilities	2,677.5	2,237.4
Shareholders' Equities	2,252.0	2,303.8
Total liabilities and shareholders' equity	4,929.4	4,541.2

Unit : Million Baht	As of 30-Sep-17	As of 30-Sep-18
Cash flows from operating activities	323.3	363.8
Cash flows used in investing activities	(399.7)	(204.4)
Free cash flows	(76.4)	159.4
Cash flows from financial activities	60.5	(294.5)
Net change in cash	(15.9)	(135.1)
Beginning Cash and Cash Equivalents	81.4	969.3
Ending Cash and Cash Equivalents	65.5	834.2