

Business Overview

Thailand has enacted the Personal Data Protection Act and Cybersecurity Act, effectively since the second half of 2019. Therefore, the most of several public and private sectors driven by computer, communication and digitizing systems have been required to be aware of Cyber Threats and in compliance with Legal Actions.

The overall economy in 3Q has been still softened due to the contraction in both domestic and foreign demand but favorably for growing tourism business. However, the data and internet connectivity still played a big role in accessing the consumers both in Thailand and worldwide. More people tend to use the connectivity service for their business and daily lifestyle to increase their work efficiency as well as managing smart devices for their convenience. As a result, the telecommunication service providers have expanded their network infrastructure and related services to cover more business area. To capture this trend, SYMC had also strengthened its domestic backbone network to be fully protected with multiply routes especially connecting to key border gateways to serve increasing demand on both domestic and international services.

In addition, SYMC had expanded its services offerings with its newly-launched, Anti-DDoS services as part of its growth expansion into Enterprise market. This is expected to drive more demand across small and medium Enterprises who are looking for round-the-clock protection to safeguard their business operations.

Approaching the year end of 2019, SYMC believe that the market competition in telecommunication industry remain challenging in view of price war and compete with each provider to gaining market share. This is expected to continue till next year and SYMC is committed to execute and deliver its long-term business growth via more new Enterprises' data-centric services and potentially to have its own data center to serve wider demand from customers.

In 3Q2019, Symphony recorded higher earnings on QoQ at Baht 13.2 million, increased by 250.4% with EBITDA to Baht 146.1 million, increased by 6.8% QoQ due to one-off transactions recorded in 2Q2019 and stable operating cost during the quarter. SYMC recorded slightly lower revenue at Baht 325.9 million, decreased by 1.8% QoQ but higher other income at Baht 3.9 million with an increase of 43.1%.

3Q2019 Performance Overview

Revenue

In 3Q2019, the Services revenue was Baht 322.0 million, decreased by 2.1% QoQ and 1.7% YoY, mainly due to effect of higher last year churn from domestic wholesale and International segments, set off with increasing services revenue contribution from Enterprise segment.

Other income was Baht 3.9 million, significantly higher than both QoQ and YoY comparative periods, mainly due to penalty compensation from vendor.

For 9M2019, Service revenue was Baht 968.3 million, decreased by 2.5% YoY, due to lower contribution from maintenance and installation income from Wholesale operator and effect of last year churn from domestic wholesale and International services. This is partially set-off with higher revenue contribution from domestic services coming from Enterprise segment.

Other income was Baht 15.7 million, increased by 42.2%, due to penalty compensation from vendor.

Unit : Million Baht	Amount			Change		Amount		Change (%) YoY
	Q3/18	Q2/19	Q3/19	(%) QoQ	(%) YoY	9M18	9M19	
Revenue								
Service revenue	327.4	329.0	322.0	-2.1%	-1.7%	993.5	968.3	-2.5%
Other income	0.1	2.7	3.9	43.1%	7332.1%	11.0	15.7	42.2%
Total Revenue	327.5	331.8	325.9	-1.8%	-0.5%	1,004.5	984.0	-2.0%
Cost of Services and Sales								
Costs of Services and Sales (excl. D&A)	(106.5)	(127.2)	(116.5)	-8.4%	9.4%	(327.1)	(353.9)	8.2%
Depreciation & Amortization (D&A)	(108.4)	(102.0)	(98.7)	-3.2%	-8.9%	(321.0)	(303.1)	-5.6%
Total Cost of Services and Sales	(214.9)	(229.2)	(215.3)	-6.1%	0.2%	(648.0)	(657.0)	1.4%
Service & Administrative Expenses (excl. D&A)	(58.2)	(67.9)	(63.4)	-6.7%	8.8%	(181.4)	(199.3)	9.8%
Depreciation & Amortization (D&A)	(12.8)	(10.3)	(12.3)	19.1%	-3.8%	(39.5)	(34.0)	-13.9%
Total Service & Administrative Expenses	(71.0)	(78.2)	(75.7)	-3.3%	6.6%	(220.9)	(233.3)	5.6%
Operating Profit /(Loss)	41.6	24.4	35.0	43.3%	-15.9%	135.5	93.7	-30.8%
Financial Cost	(23.9)	(20.6)	(18.5)	-10.2%	-22.6%	(74.1)	(60.1)	-18.9%
Income Tax Expenses	(2.1)	0.5	(3.3)	-810.7%	56.3%	(12.2)	(4.8)	-60.8%
Net Profit/(Loss) for the period	15.6	4.3	13.2	250.4%	-15.5%	49.2	28.9	-41.3%
<i>Net Profit/(Loss) Margin</i>	<i>4.8%</i>	<i>1.3%</i>	<i>4.0%</i>			<i>4.9%</i>	<i>2.9%</i>	
One-off items	-	11.4	-	-100.0%	0.0%	-	11.4	100.0%
Normalized Net Profit/(Loss) for the period	15.6	15.7	13.2	-16.1%	-15.5%	49.2	40.2	-18.2%
<i>Normalized Net Profit/(Loss) Margin</i>	<i>4.8%</i>	<i>4.7%</i>	<i>4.0%</i>			<i>4.9%</i>	<i>4.1%</i>	

Unit : Million Baht	Q3/18	Amount		Change		Amount		Change (%) YoY
		Q2/19	Q3/19	(%) QoQ	(%) YoY	9M18	9M19	
EBITDA								
Operating Profit /(Loss)	41.6	24.4	35.0	43.3%	-15.9%	135.5	93.7	-30.8%
Depreciation & Amortization (D&A)	121.2	112.3	111.0	-1.1%	-8.3%	360.5	337.2	-6.5%
EBITDA	162.8	136.7	146.1	6.8%	-10.2%	496.0	431.0	-13.1%
<i>EBITDA Margin</i>	<i>49.7%</i>	<i>41.2%</i>	<i>44.8%</i>			<i>49.4%</i>	<i>43.8%</i>	
One-off items	-	11.4	-	-100.0%	0.0%	-	11.4	100.0%
Normalized EBITDA	162.8	148.0	146.1	-1.3%	-10.2%	496.0	442.3	-10.8%
<i>Normalized EBITDA Margin</i>	<i>49.7%</i>	<i>44.6%</i>	<i>44.8%</i>			<i>49.4%</i>	<i>45.0%</i>	

Costs of Services and Sales (COSS)

In 3Q2019, Costs of Services and Sales were Baht 215.3 million, increased by 0.2% YoY and comparatively decreased by 6.1% QoQ, mainly due to higher cost of trading equipment, one-off adjustment of provision for employee retirement benefit and interest imposed by Court's judgment recorded in 2Q2019.

For 9M2019, Cost of Service and Sales were Baht 657.0 million, increased by 1.4%, mainly due to higher employee expense, higher international cable rental and underground duct rental, one-off adjustment of provision for employee retirement benefit and interest imposed by Court's judgment but offset with a decrease of 5.6% from depreciation and amortization.

Service & Administrative (S&A) Expenses

In 3Q2019, Service & Administrative expenses were Baht 75.7 million, decreased by 3.3% QoQ, mainly due to decreasing loss on exchange rate; however, increased by 6.6% YoY mainly due to higher employee expense.

For 9M2019, Service & Administrative expenses were Baht 233.3 million, increased by 5.6%, mainly due to higher employee expense, one-off adjustment of provision for employee retirement benefit and interest imposed by Court's judgment and loss on exchange rate but offset with a decrease of 13.9% from depreciation and amortization.

EBITDA and Net Profit

In 3Q2019, EBITDA and Net Profit closed at Baht 146.1 million and Baht 13.2 million, increased by 6.8% and 250.4% QoQ, respectively due to one-off adjustment of provision for employee retirement benefit and interest imposed by Court's judgment recorded in 2Q2019 and decreasing loss on exchange rate realized in 3Q2019. Reversely, EBITDA and Net profit decreased by 10.2% and 15.5% YoY respectively due to increasing costs in international cable rental, domestic 3rd party lease line and underground duct rental.

For 9M2019, the EBITDA and Net Profit were Baht 431.0 million and Baht 28.9 million, respectively mainly due to lower service revenue, higher operating cost, one-off adjustment of provision for employee retirement benefit and interest imposed by Court's judgment but lower depreciation expense and financing cost incurred on comparative periods.

Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-18		30-Sep-19		Change	
	Amount	%	Amount	%	Amount	(%) YoY
Assets						
Cash and cash equivalents	819.9	18.3%	708.0	16.7%	(111.9)	-13.7%
Trade and other account receivables	215.8	4.8%	223.0	5.3%	7.1	3.3%
Other current assets	112.0	2.5%	160.6	3.8%	48.6	43.4%
Total current assets	1,147.8	25.7%	1,091.6	25.8%	(56.2)	-4.9%
Network equipment and PPE	3,211.0	71.8%	3,003.3	70.9%	(207.8)	-6.5%
Other non-current assets	110.7	2.5%	139.8	3.3%	29.1	26.3%
Total non-current assets	3,321.7	74.3%	3,143.1	74.2%	(178.7)	-5.4%
Total assets	4,469.5	100.0%	4,234.7	100.0%	(234.8)	-5.3%
Liabilities and shareholders' equity						
Trade payables	215.4	4.8%	199.9	4.7%	(15.5)	-7.2%
Current portion of long-term/ short-term loans/ debenture	966.7	21.6%	565.9	13.4%	(400.9)	-41.5%
Other current liabilities	35.5	0.8%	35.6	0.8%	0.1	0.2%
Total current liabilities	1,217.7	27.2%	801.4	18.9%	(416.3)	-34.2%
Long-term loans	896.9	20.1%	1,050.9	24.8%	154.0	17.2%
Other non-current liabilities	35.5	0.8%	50.1	1.2%	14.6	41.1%
Total non-current liabilities	932.4	20.9%	1,101.1	26.0%	168.7	18.1%
Total liabilities	2,150.1	48.1%	1,902.4	44.9%	(247.7)	-11.5%
Shareholders' Equities	2,319.4	51.9%	2,332.3	55.1%	12.9	0.6%
Total liabilities and shareholders' equity	4,469.5	100.0%	4,234.7	100.0%	(234.8)	-5.3%

Unit : Million Baht	As of 30-Sep-18	As of 30-Sep-19
Cash flows from operating activities	363.8	286.4
Cash flows used in investing activities	(204.4)	(137.0)
Free cash flows	159.4	149.5
Cash flows used in financial activities	(294.5)	(261.4)
Net change in cash	(135.1)	(111.9)
Beginning Cash and Cash Equivalents	969.3	819.9
Ending Cash and Cash Equivalents	834.2	708.0

As of 30 September 2019, total assets were Baht 4,234.7 million, decreased by 5.3% from 31 December 2018, mainly from lower cash and cash equivalents, network equipment and PPE assets.

Cash and cash equivalents were Baht 708.0 million, decreased by 13.7% from 31 December 2018 due to loan repayment and increase of investment in company network.

Network equipment and PPE assets were Baht 3,003.3 million, decreased by 6.5% from 31 December 2018 mainly due to the recognition of depreciation and sale & disposal of network equipment.

Total liabilities were Baht 1,902.4 million, decreased by 11.5% from 31 December 2018 mainly due to higher loan repayment during the period.

Total shareholders' equity was Baht 2,332.3 million, increased by 0.6% from 31 December 2018 due to the positive net operating result of the period.

As of 30 September 2019, Debt to Equity (D/E) ratio was 0.82x.

2019 Outlook

In 2019, SYMC will continue striving to improve its quality of network efficiency to offer value proposition to customers with strengthening domestic backbone connectivity to the southern part of Thailand and other recently launched and incoming services. As the Company is aggressively pushing its focus to Enterprise market, there will be some margin impact as a result of additional network costs to acquire the number of customers in many different industry groups to increase our customer portfolio over sustainable longterm period.

However, the Company is fully committed to long-term business expansion and profitable growth by continuing to introduce more new service offerings, which will be more customer-centric for Enterprise market. The Company will also search for new opportunities to provide value-added services to the customers as well as to improve its efficiency to reduce operation cost.