

## Business Overview

In 2019, the overall Thai telecommunication development still is undergoing different challenges such as digital technology transformation of Thailand 4.0 era and the effective enactment of the Personal Data Protection Act and Cybersecurity Act as well as incoming 5G technology. There is a favourable impact that 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. In addition, the growing businesses in many sectors have improved their network infrastructure to support the high-speed connectivity and technology disruption. However, the overall global economy as well as Thai economic growth have slowed down which has resulted in terms of the weakening spending power.

With the sunrise business in technology and connectivity perspectives, the data and internet connectivity have still created the increasing usage demand of the consumers both in Thailand and worldwide not only for their business but also for their daily lifestyle to increase their work efficiency as well as manage smart devices for their entertainment and convenience.

As for the company-wise, SYMC has expanded its services offerings with its newly-launched service during the second half of 2019, Anti-DDoS services as part of its growth expansion into Enterprise market. The Company strategize to fulfill the product and services in its portfolio to drive more demand across small and medium Enterprises who are looking for round-the-clock protection to safeguard their business operations as well as incoming product and service offerings to serve more requirement. In addition, SYMC had also strengthened its domestic backbone network to the southern part of Thailand to be fully protected with multiply routes especially connecting to key border gateways to serve increasing demand on both domestic and international services.

For FY2019, SYMC posted slightly lower service revenue as a result of lower maintenance and installation income from major wholesale operator and effect of last year churn from domestic wholesale and International segments. This was partially set-off with higher revenue contribution from Enterprise segment.

SYMC recorded EBITDA of 574.0 million and Net Profit of Baht 44.7 million, both lower compared to FY2018 due to following reasons:

- the lower revenue contribution,
- the loss on exchange rate of Baht 9.0 million,
- one-off adjustments by adjusted provision for employee retirement benefit of Baht 7.6 million and interest payable ruled by the Central Administration Court's judgment of Baht 3.8 million recorded in 2Q2019.

Stripping out the one-off adjustments, the normalised EBITDA and Net Profit would have been Baht 585.4 million and Baht 56.1 million.

## 2019 Performance Overview

### Revenue

In 4Q2019, Services revenue was Baht 323.6 million, increased by 0.5% QoQ and decreased by 2.0% YoY, mainly due to the 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 0.8 million, significantly lower than both QoQ and YoY comparative periods, mainly due to the penalty compensation from vendor.

For FY2019, Service revenue was Baht 1,292.0 million, decreased by 2.4% YoY, due to lower maintenance and installation income from Wholesale operator and the effect of last year churn from domestic wholesale and International services. This is partially set-off with higher revenue contribution from Enterprise segment.

Other income was Baht 16.5 million, increased by 5.6%, due to the penalty compensation from vendor.

Unit : Million Baht	Amount			Change		Amount		Change (%) YoY
	Q4/18	Q3/19	Q4/19	(%) QoQ	(%) YoY	2018	2019	
<b>Revenue</b>								
Service revenue	330.2	322.0	323.6	0.5%	-2.0%	1,323.7	1,292.0	-2.4%
Other income	4.6	3.9	0.8	-78.5%	-81.7%	15.6	16.5	5.6%
<b>Total Revenue</b>	<b>334.8</b>	<b>325.9</b>	<b>324.5</b>	<b>-0.4%</b>	<b>-3.1%</b>	<b>1,339.3</b>	<b>1,308.5</b>	<b>-2.3%</b>
<b>Cost of Services and Sales</b>								
Costs of Services and Sales (excl. D&A)	(109.4)	(116.4)	(111.8)	-3.9%	2.2%	(436.5)	(465.6)	6.7%
Depreciation & Amortization (D&A)	(106.4)	(98.9)	(97.8)	-1.1%	-8.1%	(427.4)	(401.0)	-6.2%
<b>Total Cost of Services and Sales</b>	<b>(215.8)</b>	<b>(215.3)</b>	<b>(209.6)</b>	<b>-2.6%</b>	<b>-2.9%</b>	<b>(863.9)</b>	<b>(866.6)</b>	<b>0.3%</b>
Service & Administrative Expenses (excl. D&A)	(64.2)	(63.1)	(67.8)	7.4%	5.5%	(245.7)	(259.9)	5.8%
Loss on exchange rate	0.0	(0.3)	(1.9)	536.5%	100.0%	0.0	(9.0)	100.0%
Depreciation & Amortization (D&A)	(12.6)	(12.3)	(7.1)	-42.2%	-43.6%	(52.1)	(41.1)	-21.1%
<b>Total Service &amp; Administrative Expenses</b>	<b>(76.8)</b>	<b>(75.7)</b>	<b>(76.7)</b>	<b>1.4%</b>	<b>-0.1%</b>	<b>(297.7)</b>	<b>(310.0)</b>	<b>4.1%</b>
<b>Operating Profit /( Loss)</b>	<b>42.2</b>	<b>35.0</b>	<b>38.1</b>	<b>9.0%</b>	<b>-9.6%</b>	<b>177.7</b>	<b>131.9</b>	<b>-25.8%</b>
Financial Cost	(22.6)	(18.5)	(15.9)	-14.0%	-29.8%	(96.7)	(75.9)	-21.5%
Income Tax Expenses	(4.0)	(3.3)	(6.4)	91.6%	61.6%	(16.2)	(11.2)	-30.9%
<b>Net Profit/(Loss) for the period</b>	<b>15.6</b>	<b>13.2</b>	<b>15.8</b>	<b>20.4%</b>	<b>1.5%</b>	<b>64.8</b>	<b>44.7</b>	<b>-31.0%</b>
<i>Net Profit/(Loss) Margin</i>	<i>4.7%</i>	<i>4.0%</i>	<i>4.9%</i>			<i>4.8%</i>	<i>3.4%</i>	
One-off items	0.0	0.0	0.0	0.0%	0.0%	0.0	11.4*	100.0%
<b>Normalized Net Profit/(Loss) for the period</b>	<b>15.6</b>	<b>13.2</b>	<b>15.8</b>	<b>20.4%</b>	<b>1.5%</b>	<b>64.8</b>	<b>56.1</b>	<b>-13.4%</b>
<i>Normalized Net Profit/(Loss) Margin</i>	<i>4.7%</i>	<i>4.0%</i>	<i>4.9%</i>			<i>4.8%</i>	<i>4.3%</i>	

Unit : Million Baht	Amount			Change		Amount		Change (%) YoY
	Q4/18	Q3/19	Q4/19	(%) QoQ	(%) YoY	2018	2019	
<b>EBITDA</b>								
Operating Profit /(Loss)	42.2	35.0	38.1	9.0%	-9.6%	177.7	131.9	-25.8%
Depreciation & Amortization (D&A)	119.0	111.2	104.9	-5.7%	-11.8%	479.5	442.1	-7.8%
<b>EBITDA</b>	<b>161.2</b>	<b>146.1</b>	<b>143.0</b>	<b>-2.1%</b>	<b>-11.3%</b>	<b>657.2</b>	<b>574.0</b>	<b>-12.7%</b>
<i>EBITDA Margin</i>	<i>48.1%</i>	<i>44.8%</i>	<i>44.1%</i>			<i>49.1%</i>	<i>43.9%</i>	
One-off items	0.0	0.0	0.0	0.0%	0.0%	0.0	11.4*	100.0%
<b>Normalized EBITDA</b>	<b>161.2</b>	<b>146.1</b>	<b>143.0</b>	<b>-2.1%</b>	<b>-11.3%</b>	<b>657.2</b>	<b>585.4</b>	<b>-10.9%</b>
<i>Normalized EBITDA Margin</i>	<i>48.1%</i>	<i>44.8%</i>	<i>44.1%</i>			<i>49.1%</i>	<i>44.7%</i>	

\* Adjusted provision for employee retirement benefits according to the law of Baht 7.6 million and interest payable ruled by the Central Administration Court's judgment of Baht 3.8 million

### Costs of Services and Sales (COSS)

In 4Q2019, Costs of Services and Sales were Baht 209.6 million, decreased by 2.9% YoY and comparatively decreased by 2.6% QoQ, mainly due to lower operation cost, lower depreciation and amortization.

For FY2019, Cost of Service and Sales were Baht 866.6 million, increased by 0.3%, mainly due to higher employee expenses, higher domestic and 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 6.2% from depreciation and amortization.

### Service & Administrative (S&A) Expenses

In 4Q2019, Service & Administrative expenses were Baht 76.7 million, increased by 1.4% QoQ, mainly due to increasing loss on exchange rate of Baht 9.0 million but decreased by 0.1% YoY mainly due to lower depreciation and amortization.

For FY2019, Service & Administrative expenses were Baht 310.0 million, increased by 4.1%, mainly due to higher employee expenses, one-off adjustments of provision for employee retirement benefit and interest imposed by Court's judgment and loss on exchange rate but offset with a decrease of 21.1% from depreciation and amortization.

### EBITDA and Net Profit

In 4Q2019, EBITDA closed at Baht 143.0 million, decreased by 2.1% QoQ, due to loss on exchange rate and loss on write off asset. Net Profit closed at Baht 15.8 million, increased by 20.4% QoQ, due to lower depreciation cost and lower financing cost.

For FY2019, the EBITDA and Net Profit were Baht 574.0 million and Baht 44.7 million, decreased by 12.7% and 31.0%, respectively mainly due to lower service revenue, higher operating cost, loss on

exchange rate, one-off adjustments of provision for employee retirement benefit and interest imposed by Court's judgment but lower depreciation and financing cost incurred on comparative periods.

### Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-18		31-Dec-19		Change	
	Amount	%	Amount	%	Amount	(%) YoY
<b>Assets</b>						
Cash and cash equivalents	819.9	18.3%	362.2	9.1%	(457.7)	-55.8%
Short-term investment	0.0	0.0%	150.0	3.8%	150.0	100.0%
Trade and other account receivables	215.8	4.8%	195.0	4.9%	(20.9)	-9.7%
Other current assets	112.8	2.5%	114.9	2.9%	2.1	1.8%
<b>Total current assets</b>	<b>1,148.6</b>	<b>25.7%</b>	<b>822.1</b>	<b>20.7%</b>	<b>(326.4)</b>	<b>-28.4%</b>
Network equipment and PPE	3,218.4	72.0%	3,052.6	76.8%	(165.8)	-5.2%
Other non-current assets	103.4	2.3%	101.0	2.5%	(2.5)	-2.4%
<b>Total non-current assets</b>	<b>3,321.9</b>	<b>74.3%</b>	<b>3,153.6</b>	<b>79.3%</b>	<b>(168.3)</b>	<b>-5.1%</b>
<b>Total assets</b>	<b>4,470.4</b>	<b>100.0%</b>	<b>3,975.7</b>	<b>100.0%</b>	<b>(494.7)</b>	<b>-11.1%</b>
<b>Liabilities and shareholders' equity</b>						
Trade payables	215.4	4.8%	192.7	4.8%	(22.7)	-10.6%
Current portion of long-term/ short-term loans/ debenture	966.7	21.6%	396.0	10.0%	(570.7)	-59.0%
Other current liabilities	36.4	0.8%	32.7	0.8%	(3.8)	-10.3%
<b>Total current liabilities</b>	<b>1,218.6</b>	<b>27.3%</b>	<b>621.4</b>	<b>15.6%</b>	<b>(597.2)</b>	<b>-49.0%</b>
Long-term loans	896.9	20.1%	959.4	24.1%	62.5	7.0%
Other non-current liabilities	35.5	0.8%	37.7	0.9%	2.2	6.2%
<b>Total non-current liabilities</b>	<b>932.4</b>	<b>20.9%</b>	<b>997.1</b>	<b>25.1%</b>	<b>64.7</b>	<b>6.9%</b>
<b>Total liabilities</b>	<b>2,151.0</b>	<b>48.1%</b>	<b>1,618.5</b>	<b>40.7%</b>	<b>(532.5)</b>	<b>-24.8%</b>
<b>Shareholders' Equities</b>	<b>2,319.4</b>	<b>51.9%</b>	<b>2,357.2</b>	<b>59.3%</b>	<b>37.8</b>	<b>1.6%</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,470.4</b>	<b>100.0%</b>	<b>3,975.7</b>	<b>100.0%</b>	<b>(494.7)</b>	<b>-11.1%</b>

Unit : Million Baht	As of 31-Dec-18	As of 31-Dec-19
Cash flows from operating activities	483.4	486.1
Cash flows used in investing activities*	(245.6)	(420.5)
<b>Free cash flows</b>	<b>237.8</b>	<b>65.6</b>
Cash flows used in financial activities	(387.2)	(523.3)
Net change in cash	(149.4)	(457.7)
<b>Beginning Cash and Cash Equivalents</b>	<b>969.3</b>	<b>819.9</b>
<b>Ending Cash and Cash Equivalents</b>	<b>819.9</b>	<b>362.2</b>

\* Reclassification of fixed deposit (over 3 months) of Baht 150 million to Short-Term Investment

As of 31 December 2019, total assets were Baht 3,975.7 million, decreased by 11.1% from 31 December 2018, mainly due to lower cash and cash equivalents, network equipment and PPE assets.

Cash and cash equivalents were Baht 362.2 million, decreased by 55.8% from 31 December 2018 due to loan repayment and reclassification of fixed deposit over 3 months amounting to Baht 150 million in short-term investment.

Short-term investment was Baht 150.0 million, increased by 100% from 31 December 2018 according to the classification under Thai Accounting Standards no 1 and no 7.

Network equipment and PPE assets were Baht 3,052.6 million, decreased by 5.2% from 31 December 2018 mainly due to the recognition of depreciation in 2019.

Total liabilities were Baht 1,618.5 million, decreased by 24.8% from 31 December 2018 mainly due to loan repayment during the period.

Total shareholders' equity was Baht 2,357.2 million, increased by 1.6% from 31 December 2018 due to the positive net operating result during the period.

As of 31 December 2019, Debt to Equity (D/E) ratio was 0.69x.

## 2020 Outlook

In 2020, SYMC will continue striving to improve its quality of network efficiency to offer value proposition to customers, including new capex expansion to strengthen its domestic backbone connectivity. In addition, the Company will also plan to introduce more new service offerings, which will be more customer-centric for Enterprise market to aggressively drive more sales contribution.

The Company will cautiously monitor the effect of anticipated economic slowdown, the rapid appreciation of Baht currency, current outbreak of coronavirus disease (COVID-19), which may have impacted to business across many sectors as a whole. On positive side, the adoption of 5G technology in Thailand may lead to positive growth and has spill-over effect to overall telecom sector for higher demand for connectivity.

In view of the solid business fundamentals, SYMC is fully committed to deliver good results in 2020 by continuously investing in innovation and improving operating efficiencies for long-term profitable growth.