

Business Overview

In the second quarter of this year, most businesses suffered from the impact of COVID-19 pandemic and nationwide lockdown imposed by Government. Some businesses must to close or reduce operating hours while the government continue to reinforce state of emergency decree including border and airport closure which leads to negative impact to many businesses and also the economy.

For the second half year, SYMC anticipates the impact from COVID-19 on businesses would continue while hoping the overall situation will get better especially with availability of vaccine soonest possible. Gradually, the Government are pushing hard to implement various measures to stimulate the public spending and assisting businesses to recover fast. However, the market sentiment and outlook will remain weak and slower to get back to normal situation. The company is adjusting its business strategies in view of this situation and to certain extent, are managing the cost to mitigate the risk and impact.

For 2Q2020, SYMC posted EBITDA and Net profit of Baht 153.2 million and Baht 19.7 million, respectively, increased by 12.1% and >100% compared with YoY due to stable growth on services revenue coupled with prudent cost management.

For 6M2020, SYMC posted EBITDA and Net profit of Baht 321.4 million and Baht 52.5 million, increased by 12.9% and >100% respectively, compared with YoY due to continued growth of services revenue, gain on exchange rate and overall lower operating cost.

2Q2020 Performance Overview**Revenue**

In 2Q2020, service revenue was Baht 327.8 million, decreased marginally by 0.4% YoY, but increased by 1.6% QoQ due to higher revenue from domestic and international service segments resulted from more demand for connectivity during period of work-from-home (COVID-19).

Other income was Baht 1.5 million, decreased by 91% YoY and 45.4% QoQ on both comparative periods, mainly due to loss on exchange in current quarter and the gain on exchange rate recorded in 1Q2020.

For 6M2020, total revenue was Baht 662.7 million, increased by 0.7% YoY, mainly driven by demand growth on services revenue in both domestic and international segments.

Unit : Million Baht	Amount			Change		Amount		Change	
	Q2/19	Q1/20	Q2/20	(%) QoQ	(%) YoY	6M2019	6M2020	Amount	(%) YoY
Revenue									
Service revenue	329.0	322.7	327.8	1.6%	-0.4%	646.3	650.5	4.2	0.6%
Other income	2.7	16.6	1.5	-91.0%	-45.4%	11.8	12.2	0.5	3.9%
Total Revenue	331.8	339.3	329.3	-3.0%	-0.8%	658.1	662.7	4.6	0.7%
Costs of Services and Sales (excl. D&A)	(127.2)	(111.3)	(109.2)	-1.9%	-14.1%	(237.4)	(220.5)	16.9	-7.1%
Depreciation & Amortization (D&A)	(102.0)	(101.9)	(101.1)	-0.8%	-0.9%	(204.3)	(202.9)	1.4	-0.7%
Total Cost of Services and Sales	(229.2)	(213.2)	(210.3)	-1.3%	-8.2%	(441.7)	(423.5)	18.3	-4.1%
Service & Administrative Expenses (excl. D&A)	(67.9)	(59.9)	(66.8)	11.6%	-1.7%	(135.9)	(120.8)	15.1	-11.1%
Depreciation & Amortization (D&A)	(10.3)	(13.6)	(13.5)	-1.0%	30.5%	(21.7)	(27.1)	(5.3)	24.6%
Total Service & Administrative Expenses	(78.2)	(73.5)	(80.3)	9.2%	2.6%	(157.6)	(147.8)	9.8	-6.2%
Operating Profit / (Loss)	24.4	52.7	38.7	-26.5%	58.7%	58.8	91.4	32.7	55.6%
Financial Cost	(20.6)	(16.0)	(14.9)	-6.9%	-27.6%	(41.6)	(30.9)	10.7	-25.8%
Income Tax Expenses	0.5	(4.0)	(4.1)	4.0%	-973.5%	(1.4)	(8.1)	(6.6)	457.8%
Net Profit/(Loss) for the period	4.3	32.7	19.7	-39.8%	358.1%	15.7	52.5	36.8	233.8%
<i>Net Profit/(Loss) Margin</i>	<i>1.3%</i>	<i>9.6%</i>	<i>6.0%</i>			<i>2.4%</i>	<i>7.9%</i>		
One-off items	11.4	-	-	0.0%	-100.0%	11.4	-	(11.4)	-100.0%
Normalized Net Profit/(Loss) for the period	15.7	32.7	19.7	-39.8%	25.9%	27.1	52.5	25.4	93.8%
<i>Normalized Net Profit/(Loss) Margin</i>	<i>4.7%</i>	<i>9.6%</i>	<i>6.0%</i>			<i>4.1%</i>	<i>7.9%</i>		

EBITDA (Unit : Million Baht)	Amount			Change		Amount		Change	
	Q2/19	Q1/20	Q2/20	(%) QoQ	(%) YoY	6M2019	6M2020	Amount	(%) YoY
EBITDA									
Operating Profit / (Loss)	24.4	52.7	38.7	-26.5%	58.7%	58.8	91.4	32.7	55.6%
Depreciation & Amortization (D&A)	112.3	115.5	114.5	-0.8%	2.0%	226.0	230.0	3.9	1.7%
EBITDA	136.7	168.2	153.2	-8.9%	12.1%	284.8	321.4	36.6	12.9%
<i>EBITDA Margin</i>	<i>41.2%</i>	<i>49.6%</i>	<i>46.5%</i>			<i>43.3%</i>	<i>48.5%</i>		
One-off items	11.4	-	-	0.0%	-100.0%	11.4	-	(11.4)	-100.0%
Normalized EBITDA	148.0	168.2	153.2	-8.9%	3.5%	296.2	321.4	25.2	8.5%
<i>Normalized EBITDA Margin</i>	<i>44.6%</i>	<i>49.6%</i>	<i>46.5%</i>			<i>45.0%</i>	<i>48.5%</i>		

Costs of Services and Sales (COSS)

In 2Q2020, Costs of Services and Sales were Baht 210.3 million, decreased by 8.2% YoY and 1.3% QoQ, mainly due to the lower from cost of sale, international cable rental, and depreciation and amortization (post-adjustment on TFRS 16).

For 6M2020, Costs of Services and Sales were Baht 423.5 million, decreased by 4.1% YoY, mainly due to the lower cost incurred on international cable rental, one-off 2019 adjustment of provision for employee retirement benefit, one-off 2019 expense relating to interest imposed by Court's judgment and lower depreciation and amortization (post-adjustment on TFRS 16).

Service & Administrative (S&A) Expenses

In 2Q2020, Service & Administrative expenses were Baht 80.3 million, increased by 2.6% YoY and 9.2% QoQ, mainly due to higher employee expense and one-time professional fee for new investment project on data center business.

For 6M2020, Service & Administrative expenses were Baht 147.8 million, decreased by 6.2% YoY, mainly due to one-off 2019 transactions for both provision for retirement benefit and interest imposed by Court's judgment, lower repair & maintenance expense and loss on exchange rate, but offset by higher employee expense and one-off professional fee.

EBITDA and Net Profit

In 2Q2020, EBITDA closed at Baht 153.2 million, increased by 12.1% YoY on the back of growth in service income and lower operating cost. However, the EBITDA was lower by 8.9% QoQ due to gain on exchange rate in 1Q2020 and loss on exchange rate in current quarter. Net Profit closed higher at Baht 19.7 million, increased by 25.9% YoY, contributed by growth in service income and higher EBITDA.

For 6M2020, both EBITDA and Net Profit posted higher at Baht 321.4 million and Baht 52.5 million, resulted from growth in total revenue and better cost management.

Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-19		30-Jun-20		Change	
	Amount	%	Amount	%	Amount	(%) YoY
Assets						
Cash and cash equivalents	362.2	9.1%	408.1	10.0%	45.9	12.7%
Short-term investment	150.0	3.8%	100.0	2.4%	(50.0)	100.0%
Trade and other account receivables	195.0	4.9%	245.2	6.0%	50.2	25.8%
Other current assets	136.2	3.4%	151.7	3.7%	15.5	11.4%
Total current assets	843.4	21.2%	905.1	22.2%	61.6	7.3%
Network equipment and PPE	3,031.3	76.2%	2,947.5	72.2%	(83.8)	-2.8%
Other non-current assets	101.0	2.5%	229.5	5.6%	128.5	127.3%
Total non-current assets	3,132.3	78.8%	3,177.0	77.8%	44.8	1.4%
Total assets	3,975.7	100.0%	4,082.1	100.0%	106.4	2.7%
Liabilities and shareholders' equity						
Trade payables	192.7	4.8%	233.6	5.7%	40.9	21.2%
Current portion of long-term/ short-term loans/ debenture	396.0	10.0%	471.3	11.5%	75.3	19.0%
Other current liabilities	32.7	0.8%	79.8	2.0%	47.2	144.3%
Total current liabilities	621.4	15.6%	784.7	19.2%	163.3	26.3%
Long-term loans	959.4	24.1%	776.1	19.0%	(183.2)	-19.1%
Other non-current liabilities	37.7	0.9%	135.7	3.3%	98.0	259.6%
Total non-current liabilities	997.1	25.1%	911.9	22.3%	(85.2)	-8.5%
Total liabilities	1,618.5	40.7%	1,696.6	41.6%	78.1	4.8%
Shareholders' Equities	2,357.2	59.3%	2,385.5	58.4%	28.3	1.2%
Total liabilities and shareholders' equity	3,975.7	100.0%	4,082.1	100.0%	106.4	2.7%

Unit : Million Baht	As of 30-Jun-19	As of 30-Jun-20
Cash flows from operating activities	222.5	273.1
Cash flows used in investing activities	(83.2)	(50.8)
Free cash flows	139.3	222.3
Cash flows used in financial activities	(119.6)	(176.4)
Net change in cash	19.7	45.9
Beginning Cash and Cash Equivalents	819.9	362.2
Ending Cash and Cash Equivalents *	839.6	408.1

* Reclassification of fixed deposit (over 3 months) of Baht 100 million to Short-Term Investment

As of 30 June 2020, total assets were Baht 4,082.1 million, increased by 2.7% from 31 December 2019, mainly due to newly adopted TFRS16 lease, recognizing an increase of right-off-use asset of Baht 133.2 million.

Cash and cash equivalents were Baht 408.1 million, increased by 12.7% from 31 December 2019 due to higher cash generated from operation performance and gain on exchange rate.

Short-term investment was Baht 100.0 million, decreased by 33.3% from 31 December 2019 due to cash utilization for working capital, capex spending and loan repayment.

Network equipment and PPE assets were Baht 2,947.5 million, decreased by 2.8% from 31 December 2019 mainly due to the recognition of depreciation during the period.

Total liabilities were Baht 1,696.6 million, increased by 4.8% from 31 December 2019 mainly due to newly adopted TFRS16 lease, recognizing an increase of lease liabilities of Baht 125.3 million and decreased from loan repayment during the period.

Total shareholders' equity was Baht 2,385.5 million, increased by 1.2% from 31 December 2019 due to the positive net operating result during the period.

As of 30 June 2020, Debt to Equity (D/E) ratio was 0.71x.

2020 Outlook

For the second half of the year, according to the economic assessment of the Central Bank of Thailand and many economic bureaus, the pandemic impact of COVID-19 will continue to dampen the outlook of economy and business recovery conditions, which may take 1-2 years to fully recover.

SYMC expects challenging months ahead and strive to focus to capture for business opportunity that demands more connectivity and value-add services. More importantly, the Company will keep its best to maintain service quality level to ensure our customers stay connected.

Barring any other circumstances, the Company is committed to deliver positive growth for rest of year and delivering continued return to shareholders amid the prolong pandemic situation.