

Business Overview

The telecommunication market environment in Thailand remained competitive with most telecom service providers aggressively compete to capture more market share and expand its customer base. The data connectivity demand is expected to continue growing and the service providers will maintain its best effort to improve their service offering at competitive pricing, lowest cost approach, excellent service delivery and network efficiency.

Symphony continue expanding their focus in Enterprise business segment via innovative cross-bundling solution/services to the customers. Symphony will prioritise more efforts to serve customers with continually improved service level experience and strengthen the network resiliency to meet the customers' demanding requirements.

In 2Q2018, Symphony had improved its profitability on QoQ, with EBITDA and Net Profit increased to Baht 173.0 million and Baht 20.2 million respectively. The improvement in profitability was attributable to the Company's prudent cost management and optimisation initiatives, despite the lower revenue base compared to previous quarter.

For 1H2018, the EBITDA improved by 2.8% to Baht 333.2 million on the back of lower revenue growth of 6.4% YoY. Net Profit was lower at Baht 33.6 million, due to higher depreciation and financing cost on comparative period.

2Q2018 Performance Overview

Revenue

In 2Q2018, Services Income was Baht 324.6 million, declined by 4.7% QoQ and 9.6% YoY respectively, mainly due to lower contribution from International services segment, set-off with the higher revenue growth from Domestic Services segment.

Other Income was Baht 8.3 million, higher for both QoQ and YoY comparative periods, mainly due to forex gain movement, net gain on network assets sold and higher interest income.

Costs of Services and Sales

Costs of Services and Sales in 2Q2018 were Baht 209.1 million, declined by 6.7% QoQ and 7.4% YoY respectively, due to decrease on international circuit rental fee in line with decreasing revenue from international segment, lower regulatory fee and continuously cost reduction/control initiatives.

For 1H2018, the Costs of Services and Sales also declined by 2.7% to Baht 433.1 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 2Q2018 were Baht 70.4 million, reducing by 11.5% QoQ and 21.0% respectively, mainly due to lower operational cost from various cost optimisation initiatives executed since last quarter. The lower S&A expenses were also declined significantly by 16.5% in 1H2018 comparing to same period of last year.

EBITDA and Net Profit

On QoQ comparison, both EBITDA and Net Profit increased 7.9% and 50.1%, contributed by lower costs of services & sales and lower S&A expenses, despite lower revenue and higher tax expenses in the current quarter.

On YoY comparison, EBITDA increased by 8.7%, contributed by lower operational cost. However, Net Profit decreased by marginally by 0.6% due to higher depreciation and higher financing cost incurred over the period.

For 1H2018, the EBITDA was Baht 333.2 million, up by 2.8% but Net Profit was Baht 33.6 million, lower by 29.9%, due to higher depreciation and financing cost incurred on comparative periods.

Income statement (Unit : Million Baht)	Amount			Change		Amount		Change
	Q2/17	Q1/18	Q2/18	(%) QoQ	(%) YoY	1H17	1H18	(%) YoY
Revenue								
Service Income	359.2	340.7	324.6	-4.7%	-9.6%	722.4	665.3	-7.9%
Other income	0.6	3.4	8.3	>100%	>100%	1.2	11.7	>100%
Total Revenue	359.8	344.1	332.9	-3.3%	-7.5%	723.6	677.0	-6.4%
Costs of Services and Sales (excl. D&A)	(125.8)	(118.0)	(102.6)	-13.1%	-18.5%	(248.2)	(220.6)	-11.1%
Depreciation & Amortization (D&A)	(100.1)	(106.0)	(106.5)	0.5%	6.4%	(196.9)	(212.5)	8.0%
Total Cost of Services and Sales	(225.9)	(224.1)	(209.1)	-6.7%	-7.4%	(445.0)	(433.1)	-2.7%
Service & Administrative Expenses (excl. D&A)	(74.9)	(65.8)	(57.4)	-12.8%	-23.4%	(151.1)	(123.2)	-18.5%
Depreciation & Amortization (D&A)	(14.3)	(13.7)	(13.0)	-5.0%	-8.9%	(28.4)	(26.7)	-6.0%
Total Service & Administrative Expenses	(89.2)	(79.5)	(70.4)	-11.5%	-21.0%	(179.6)	(149.9)	-16.5%
Operating Profit /(Loss)	44.8	40.5	53.4	31.8%	19.3%	99.0	94.0	-5.1%
Financial Cost	(20.7)	(25.6)	(24.6)	-3.7%	19.0%	(41.5)	(50.2)	21.0%
Income Tax Expenses	(3.8)	(1.5)	(8.6)	>100%	>100%	(9.5)	(10.1)	6.8%
Net Profit/(Loss) for the year	20.3	13.5	20.2	50.1%	-0.6%	48.0	33.6	-29.9%
<i>Net Profit/(Loss) Margin</i>	<i>5.6%</i>	<i>3.9%</i>	<i>6.1%</i>			<i>6.6%</i>	<i>5.0%</i>	

EBITDA (Unit : Million Baht)	Amount			Change		Amount		Change
	Q2/17	Q1/18	Q2/18	(%) QoQ	(%) YoY	1H17	1H18	(%) YoY
EBITDA								
Operating Profit /(Loss)	44.8	40.5	53.4	31.8%	19.3%	99.0	94.0	-5.1%
Depreciation & Amortization (D&A)	114.4	119.7	119.5	-0.2%	4.5%	225.3	239.3	6.2%
EBITDA	159.2	160.3	173.0	7.9%	8.7%	324.3	333.2	2.8%
<i>EBITDA Margin</i>	<i>44.2%</i>	<i>46.6%</i>	<i>52.0%</i>			<i>44.8%</i>	<i>49.2%</i>	

Statement of Financial Position and Cashflows

As of 30 June 2018, total assets were Baht 4,625.8 million, decreased by 6.2% from 31 December 2017.

Network equipment and PPE were Baht 3,370.8 million, decreased by 4.5% from 31 December 2017 mainly due to the recognition of depreciation.

Cash and cash equivalents was Baht 845.5 million, decreased by 12.8% from 31 December 2017 due to higher loan repayment and higher net cash outflow from operating activities.

Total liabilities were Baht 2,337.6 million, decreased by 12.7% from 31 December 2017 mainly due to higher loan repayment and trade account payable in the quarter.

Total shareholders' equity was Baht 2,288.2 million, increased by 1.6% from 31 December 2017 due to the net operating result of the period. As of 30 June 2018, Debt to Equity (D/E) ratio was 1.02x.

Unit : Million Baht	31-Dec-17	30-Jun-18
Assets		
Cash and cash equivalents	969.3	845.5
Trade and other account receivables	197.5	186.0
Other current assets	110.2	106.9
Total current assets	1,277.0	1,138.4
Network equipment and PPE	3,529.5	3,370.8
Other non-current assets	123.0	116.7
Total non-current assets	3,652.4	3,487.4
Total assets	4,929.4	4,625.8
Liabilities and shareholders' equity		
Trade payables	321.7	191.5
Current portion of long-term/ short-term loans	384.7	332.7
Other current liabilities	46.8	38.5
Total current liabilities	753.2	562.6
Long-term loans	1,205.8	1,056.6
Debenture	658.2	658.8
Other non-current liabilities	60.2	59.6
Total non-current liabilities	1,924.3	1,775.0
Total liabilities	2,677.5	2,337.6
Shareholders' Equities	2,252.0	2,288.2
Total liabilities and shareholders' equity	4,929.4	4,625.8

Unit : Million Baht	As of 30-Jun-17	As of 30-Jun-18
Cash flows from operating activities	179.1	244.8
Cash flows used in investing activities	(322.3)	(166.8)
Free cash flows	(143.3)	77.9
Cash flows from financial activities	118.3	(201.8)
Net change in cash	(25.0)	(123.9)
Beginning Cash and Cash Equivalents	81.4	969.3
Ending Cash and Cash Equivalents	56.4	845.5