

Business Overview

In 2018, the Thailand telecommunication market have undergone significant positive development with increasing data consumption from both mobile and fixed line segments and digital technology transformation of Thailand 4.0 era. Whilst the telecom market was highly competitive in various ways, all service providers remained focus to deliver different offerings, quality network and services experience to their customers, notwithstanding the price competition amongst all. Indeed, 2018 was a challenging year for SYMC to adapt and maintain its position in this highly competitive market.

Part of SYMC's long-term ambition to strengthen its core business, the Company has placed more importance to focus growing its new presence in Enterprise market. SYMC expects to accelerate and execute expansion strategy to:

- enhance offerings through a comprehensive new innovative services and solutions aimed at fulfilling customer's demand going forward; and
- consistently provide superior telecommunication networks, value-driven services and improving service experience.

SYMC continue to deliver core earnings improvement in 4Q2018, with EBITDA and Net Profit closed at Baht 161.1 million and Baht 15.6 million respectively. The improvement was driven by the Company's continuously strategy on cost control and optimisation initiatives, albeit at lower revenue contribution year-on-year (YoY).

For FY2018, the EBITDA improved by 48.5% to Baht 657.1 million from Baht 442.6 million in FY2017 and Net Profit in 2018 closed at Baht 64.8 million, mainly due to significant lower operating cost despite with lower revenue. Excluding the one-off adjustment items in 2017, the core earnings still reflect the improved overall financial performance.

2018 Performance Overview

Revenue

In 4Q2018, Service Income was Baht 329.3 million, higher by 0.7% QoQ resulted from increase in sales from Domestic Services. However, Services Income declined by 4.2% YoY due to lower revenue contribution from International Service segment

In 2018, Service Income was Baht 1,321.8 million, lower by 6.1% compared with the same period in previous year, mainly due to lower contribution from international service segment, set-off with higher revenue from domestic service segment.

Other Income was Baht 17.5 million, increased significantly from comparative periods in previous year, mainly due to a significant increase in interest income and a gain on both network and company assets sold.

Income statement (Unit : Million Baht)	Amount			Change				Amount		Change	
	Q4/17	Q3/18	Q4/18	Amount	(%) QoQ	Amount	(%) YoY	2017	2018	Amount	(%) YoY
Revenue											
Service Income	343.9	327.1	329.3	2.2	0.7%	(14.6)	-4.2%	1,408.3	1,321.8	-86.5	-6.1%
Other income	1.6	0.4	5.4	5.0	1350.0%	3.8	235.2%	4.7	17.5	12.7	268.5%
Total Revenue	345.5	327.5	334.8	7.3	2.2%	(10.8)	-3.1%	1,413.0	1,339.2	-73.8	-5.2%
Costs of Services and Sales (excl. D&A)	(113.0)	(106.5)	(109.4)	(3.0)	2.8%	3.6	-3.2%	(483.6)	(436.5)	47.1	-9.7%
Depreciation & Amortization (D&A)	(109.3)	(108.4)	(106.4)	2.0	-1.9%	2.9	-2.7%	(413.1)	(427.4)	-14.3	3.5%
Total Cost of Services and Sales	(222.4)	(214.9)	(215.8)	(0.9)	0.4%	6.5	-2.9%	(896.6)	(863.9)	32.8	-3.7%
Service & Administrative Expenses (excl. D&A)	(260.6)	(58.2)	(64.2)	(6.0)	10.2%	196.4	-75.4%	(486.8)	(245.6)	241.2	-49.5%
Depreciation & Amortization (D&A)	(14.9)	(12.8)	(12.6)	0.2	-1.5%	2.3	-15.3%	(57.7)	(52.1)	5.6	-9.7%
Total Service & Administrative Expenses	(275.5)	(71.0)	(76.8)	(5.8)	8.1%	198.7	-72.1%	(544.5)	(297.7)	246.8	-45.3%
Operating Profit /(Loss)	(152.3)	41.6	42.1	0.6	1.4%	194.4	127.7%	(28.1)	177.7	205.8	731.7%
Financial Cost	(27.4)	(23.9)	(22.6)	1.2	-5.2%	4.8	-17.4%	(94.2)	(96.7)	-2.5	2.7%
Income Tax Expenses	39.8	(2.1)	(3.9)	(1.8)	82.5%	(43.7)	-109.8%	33.6	(16.2)	-49.8	-148.1%
Net Profit/(Loss) for the year	(139.9)	15.6	15.6	0.0	0.2%	155.5	111.2%	(88.7)	64.8	153.5	173.1%
<i>Net Profit/(Loss) Margin</i>	<i>-40.5%</i>	<i>4.8%</i>	<i>4.7%</i>					<i>-6.3%</i>	<i>4.8%</i>		

EBITDA (Unit : Million Baht)	Amount			Change				Amount		Change	
	Q4/17	Q3/18	Q4/18	Amount	(%) QoQ	Amount	(%) YoY	2017	2018	Amount	(%) YoY
EBITDA											
Operating Profit /(Loss)	(152.3)	41.6	42.1	0.6	1.4%	194.4	-127.7%	-28.1	177.7	205.8	-731.7%
Depreciation & Amortization (D&A)	124.2	121.2	119.0	(2.2)	-1.8%	(5.2)	-4.2%	470.8	479.5	8.7	1.8%
EBITDA	(28.1)	162.8	161.1	(1.7)	-1.0%	189.2	-672.8%	442.6	657.1	214.5	48.5%
<i>EBITDA Margin</i>	<i>-8.1%</i>	<i>49.7%</i>	<i>48.1%</i>					<i>31.3%</i>	<i>49.1%</i>		
One-off items	189.0	-	-	0.0	0.0%	(189.0)	0.0%	190.8	-	-190.8	0.0%
Adjusted EBITDA	160.9	162.8	161.1	(1.7)	-1.0%	0.2	0.1%	633.4	657.1	23.7	3.7%
<i>Adjusted EBITDA Margin</i>								<i>44.8%</i>	<i>49.1%</i>		

Costs of Services and Sales (COSS)

In 4Q2018, Costs of Services and Sales closed at Baht 215.8 million, lower by 2.9% from same quarter in 2017 due to cost reduction and lower depreciation on network assets. On QoQ comparison, the cost increased due to higher connectivity fee in line with new revenue.

For 2018, Costs of Services and Sales were Baht 863.9 million, decreased by 3.7% compared with the same period in previous year, contributed by lower network connectivity fee and cost reduction/control initiatives, set-off with higher depreciation on network assets for new expansion.

Service & Administrative (S&A) Expenses

Excluding the one-off adjustments in 2017, S&A expenses were lower in following periods:

- In 4Q2018, S&A expenses were Baht 76.8 million, lower by 11.2% compared to same quarter in 2017. However, S&A expenses increased QoQ by 8.1% due to additional cost on marketing and company events.

- b) For FY2018, S&A expenses declined to Baht 297.7 million by Baht 56.0 million or 15.8% from 2017.

The lower expenses were attributable to significant cost reductions and cost optimisation initiatives, executed since the beginning of 2018.

EBITDA and Net Profit

In 2018, EBITDA was Baht 657.1 million or increased by 48.5% compared with the same period in previous year. Excluding one-off items in 2017, EBITDA in 2018 increased by 3.7%, contributed by lower operational cost on the back of lower revenue.

Excluding one-off items in year 2017, net profit in 2018 decreased by Baht 0.6 million, due to higher EBITDA but set-off with higher financing cost and tax expense on comparative periods.

Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-17		31-Dec-18		Change	
	Amount	%	Amount	%	Amount	(%) YoY
Assets						
Cash and cash equivalents	969.3	19.7%	819.9	18.3%	-149.4	-15.4%
Trade and other account receivables	197.5	4.0%	215.8	4.8%	18.4	9.3%
Other current assets	110.2	2.2%	112.0	2.5%	1.8	1.6%
Total current assets	1,277.0	25.9%	1,147.8	25.7%	-129.3	-10.1%
Network equipment and PPE	3,529.5	71.6%	3,210.9	71.8%	-318.5	-9.0%
Other non-current assets	123.0	2.5%	110.8	2.5%	-12.2	-9.9%
Total non-current assets	3,652.4	74.1%	3,321.7	74.3%	-330.7	-9.1%
Total assets	4,929.4	100.0%	4,469.5	100.0%	-459.9	-9.3%
Liabilities and shareholders' equity		0.0%				
Trade payables	321.7	6.5%	215.4	4.8%	-106.3	-33.0%
Current portion of long-term/ short-term loans	384.7	7.8%	966.7	21.6%	582.0	151.3%
Other current liabilities	46.8	0.9%	35.5	0.8%	-11.2	-24.0%
Total current liabilities	753.2	15.3%	1,217.7	27.2%	464.5	61.7%
Long-term loans	1,205.8	24.5%	896.9	20.1%	-309.0	-25.6%
Debenture	658.2	13.4%	0.0	0.0%	-658.2	-100.0%
Other non-current liabilities	60.2	1.2%	35.5	0.8%	-24.7	-41.0%
Total non-current liabilities	1,924.3	39.0%	932.4	20.9%	-991.9	-51.5%
Total liabilities	2,677.5	54.3%	2,150.1	48.1%	-527.4	-19.7%
Shareholders' Equities	2,252.0	45.7%	2,319.4	51.9%	67.4	3.0%
Total liabilities and shareholders' equity	4,929.4	100.0%	4,469.5	100.0%	-459.9	-9.3%

Unit : Million Baht	As of 31-Dec-17	As of 30-Dec-18
Cash flows from operating activities	488.7	476.0
Cash flows used in investing activities	(522.3)	(238.2)
Free cash flows	(33.6)	237.8
Cash flows from financial activities	921.5	(387.2)
Net change in cash	887.9	(149.4)
Beginning Cash and Cash Equivalents	81.4	969.3
Ending Cash and Cash Equivalents	969.3	819.9

As of 31 December 2018, total assets were Baht 4,469.5 million, decreased by 9.3% from 31 December 2017, mainly from lower cash and cash equivalents and lower non-current assets.

Cash and cash equivalents were Baht 819.9 million, decreased by 15.4%, due to higher loan repayment during the year.

Network equipment and PPE were Baht 3,210.9 million, decreased by 9.0% from 31 December 2017 mainly due to the recognition of depreciation and lower net addition during the year.

Total liabilities were Baht 2,150.1 million, decreased by 19.7% from 31 December 2017 mainly due to lower trade payables and higher loan repayment during the year.

Total shareholders' equity was Baht 2,319.4 million, increased by 3.0% from 31 December 2017 due to the positive net operating result of the period.

As of 31 December 2018, Debt to Equity (D/E) ratio was 0.93x.