

## Business Overview

Since early of this year, the pandemic Coronavirus disease (COVID-19) has impacted adversely to the businesses of almost all sectors around the world. Thailand's economy could encounter a sharp contraction this year from COVID-19 effect and telecommunication sector was no exception with overall situation remains negative in the overall business eco-system.

Going into 2Q2020, SYMC forecasts that the effect of COVID-19 will continue to have negative impact to most businesses due to mandated partial lockdown and curfew imposed by Government. The recovery may gradually happen in the second half of 2020, but the overall market opportunities and business sentiment remain uncertain. The Company will strive its best to manage and navigate during this crisis period with continued focus on its business strategies on both domestic and international segments.

For 1Q2020, SYMC posted total revenue of Baht 339.3 million, higher by 4.0% YoY and 4.6% QoQ mainly driven from positive growth on service income and also other income.

The EBITDA was Baht 168.2 million and Net Profit of Baht 32.7 million, both higher compared with YoY and QoQ due to higher revenue together with better controlled of operation cost and lower financing cost.

## Significant change in accounting policy

On 1 January 2020, the Company adopted TFRS 9 (Financial Instruments) and TFRS 16 (Leases) under modified retrospective approach. The impact of the standards adoption was recognized in Statement of Financial Position on 1 January 2020.

**TFRS 9 Financial Instrument** - The impact from adoption of TFRS are as follows:

### 1. Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. The Company designed its derivative of interest rate swap contract as Cash flow hedge, where the effective portion of changes in the fair value of interest rate swap contract, which is long term hedge, is recognized through other comprehensive income (FVOCI) and reverse within shareholders' equity.

### 2. Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking “expected credit loss” (ECL) model whereas previously the Company estimated allowance for doubtful account by analyzing payment histories and future expectation of customer payment. The new standard requires considerable judgement about how changes in economic factor after ECLs, which will be determined on a probability-weighted basis. Therefore, the Company considered impairment of trade account receivable under “Simplified approach” using historical loss rate and did not take forward-looking information into account (based on temporary accounting relief measures issued).

**IFRS 16 Leases** - The impact from adoption of IFRS are as follows:

Operating leases were recognized as “Right-of-use asset” and “Lease liabilities” at the present value of lease payment over the remaining lease term. Key changes are as follows:

1. Lease liabilities is a present value of the remaining lease payments, plus with interest expense and decreases as lease payments are made throughout the periods;
2. Right-of-use assets (ROU) is at present value at the same amount as the lease liabilities and is depreciated over the contract life on a straight line basis; and

At 1 January 2020, the amounts of IFRS adjustment were as follows:

Financial Position (Unit: Million Baht)	Amount (Before adjustment)	Adjustment from		Amount (After adjustment)
		IFRS 9	IFRS 16	
<b>Assets</b>				
Trade and other current receivables	195.0	(1.5)	0.0	193.5
Right-of-use assets	0.0	0.0	152.9	152.9
<b>Liabilities</b>				
Lease liability	0.0	0.0	152.9	152.9
Other non-current financial liabilities	0.0	17.4	0.0	17.4
<b>Equity</b>	469.4	(18.6)	0.0	450.8

### 1Q2020 Performance Overview

#### Revenue

In 1Q2020, service revenue was Baht 322.7 million, increased by 1.7% YoY, mainly higher services revenue contribution from our expanded services in Enterprise segment. For QoQ, the service revenue was slightly lower due to slower sales as a result of COVID-19 impact.

Other income was Baht 16.6 million, increased by over 84.3% YoY and 100% QoQ on both comparative periods, mainly due to the gain on exchange rate.

Unit : Million Baht	Amount			Change	
	Q1/19	Q4/19	Q1/20	(%) QoQ	(%) YoY
<b>Revenue</b>					
Service revenue	317.3	323.6	322.7	-0.3%	1.7%
Other income	9.0	0.8	16.6	1866.5%	84.3%
<b>Total Revenue</b>	<b>326.3</b>	<b>324.5</b>	<b>339.3</b>	<b>4.6%</b>	<b>4.0%</b>
Costs of Services and Sales (excl. D&A)	(110.2)	(111.8)	(111.3)	-0.5%	1.0%
Depreciation & Amortization (D&A)	(102.4)	(97.8)	(101.9)	4.2%	-0.5%
<b>Total Cost of Services and Sales</b>	<b>(212.6)</b>	<b>(209.6)</b>	<b>(213.2)</b>	<b>1.7%</b>	<b>0.3%</b>
Service & Administrative Expenses (excl. D&A)	(68.0)	(69.6)	(59.9)	-14.0%	-11.9%
Depreciation & Amortization (D&A)	(11.4)	(7.1)	(13.6)	91.6%	19.2%
<b>Total Service &amp; Administrative Expenses</b>	<b>(79.4)</b>	<b>(76.7)</b>	<b>(73.5)</b>	<b>-4.2%</b>	<b>-7.4%</b>
<b>Operating Profit /( Loss)</b>	<b>34.4</b>	<b>38.1</b>	<b>52.7</b>	<b>38.2%</b>	<b>53.3%</b>
Financial Cost	(21.0)	(15.9)	(16.0)	0.8%	-24.0%
Income Tax Expenses	(1.9)	(6.4)	(4.0)	-38.3%	106.3%
<b>Net Profit/(Loss) for the period</b>	<b>11.4</b>	<b>15.8</b>	<b>32.7</b>	<b>106.7%</b>	<b>186.9%</b>
<i>Net Profit/(Loss) Margin</i>	<i>3.5%</i>	<i>4.9%</i>	<i>9.6%</i>		

EBITDA (Unit : Million Baht)	Amount			Change	
	Q1/19	Q4/19	Q1/20	(%) QoQ	(%) YoY
<b>EBITDA</b>					
Operating Profit /( Loss)	34.4	38.1	52.7	38.2%	53.3%
Depreciation & Amortization (D&A)	113.8	104.9	115.5	10.1%	1.5%
<b>EBITDA</b>	<b>148.1</b>	<b>143.0</b>	<b>168.2</b>	<b>17.6%</b>	<b>13.5%</b>
<i>EBITDA Margin</i>	<i>45.4%</i>	<i>44.1%</i>	<i>49.6%</i>		

### Costs of Services and Sales (COSS)

In 1Q2020, Costs of Services and Sales were Baht 213.2 million, increased by 0.3% YoY and 1.7% QoQ, mainly due to the higher from cost of sale, domestic cable rental, maintenance expenses and depreciation and amortization (post-adjustment on TFRS 16).

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

In 1Q2020, Service & Administrative expenses were Baht 73.5 million, decreased by 7.4% YoY and 4.2% QoQ, mainly due to lower administrative expenses, but offset by higher employee expense, additional provision for doubtful debt (post-adjustment on TFRS 9) and depreciation and amortization (post-adjustment on TFRS 16).

### EBITDA and Net Profit

In 1Q2020, EBITDA closed at Baht 168.2 million, increased by 13.5% YoY and 17.6% QoQ due to higher service revenue, gain on exchange rate and lower operation expense.

Net Profit closed at Baht 32.7 million, increased by more than 100% YoY and QoQ due to higher EBITDA, lower depreciation cost and lower financing cost.

### Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-19		31-Mar-20		Change	
	Amount	%	Amount	%	Amount	(%) YoY
<b>Assets</b>						
Cash and cash equivalents	362.2	9.1%	447.6	11.0%	85.3	23.6%
Short-term investment	150.0	3.8%	100.0	2.4%	(50.0)	100.0%
Trade and other account receivables	195.0	4.9%	200.4	4.9%	5.4	2.8%
Other current assets	136.2	3.4%	132.7	3.2%	(3.5)	-2.6%
<b>Total current assets</b>	<b>843.4</b>	<b>21.2%</b>	<b>880.7</b>	<b>21.5%</b>	<b>37.2</b>	<b>4.4%</b>
Network equipment and PPE	3,031.3	76.2%	2,968.0	72.6%	(63.2)	-2.1%
Other non-current assets	101.0	2.5%	238.0	5.8%	137.0	135.6%
<b>Total non-current assets</b>	<b>3,132.3</b>	<b>78.8%</b>	<b>3,206.0</b>	<b>78.5%</b>	<b>73.8</b>	<b>2.4%</b>
<b>Total assets</b>	<b>3,975.7</b>	<b>100.0%</b>	<b>4,086.7</b>	<b>100.0%</b>	<b>111.0</b>	<b>2.8%</b>
<b>Liabilities and shareholders' equity</b>						
Trade payables	192.7	4.8%	194.9	4.8%	2.2	1.2%
Current portion of long-term/ short-term loans/ debenture	396.0	10.0%	479.4	11.7%	83.4	21.1%
Other current liabilities	32.7	0.8%	36.2	0.9%	3.5	10.6%
<b>Total current liabilities</b>	<b>621.4</b>	<b>15.6%</b>	<b>710.4</b>	<b>17.4%</b>	<b>89.1</b>	<b>14.3%</b>
Long-term loans	959.4	24.1%	867.8	21.2%	(91.6)	-9.5%
Other non-current liabilities	37.7	0.9%	137.8	3.4%	100.0	265.0%
<b>Total non-current liabilities</b>	<b>997.1</b>	<b>25.1%</b>	<b>1,005.6</b>	<b>24.6%</b>	<b>8.5</b>	<b>0.8%</b>
<b>Total liabilities</b>	<b>1,618.5</b>	<b>40.7%</b>	<b>1,716.0</b>	<b>42.0%</b>	<b>97.5</b>	<b>6.0%</b>
<b>Shareholders' Equities</b>	<b>2,357.2</b>	<b>59.3%</b>	<b>2,370.7</b>	<b>58.0%</b>	<b>13.5</b>	<b>0.6%</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,975.7</b>	<b>100.0%</b>	<b>4,086.7</b>	<b>100.0%</b>	<b>111.0</b>	<b>2.8%</b>

Unit : Million Baht	As of 31-Mar-19	As of 31-Mar-20
Cash flows from operating activities	140.8	162.8
Cash flows used in investing activities	(41.7)	13.0
<b>Free cash flows</b>	<b>99.1</b>	<b>175.8</b>
Cash flows used in financial activities	(74.0)	(90.5)
Net change in cash	25.1	85.3
<b>Beginning Cash and Cash Equivalents</b>	<b>819.9</b>	<b>362.2</b>
<b>Ending Cash and Cash Equivalents *</b>	<b>845.0</b>	<b>447.5</b>

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

As of 31 March 2020, total assets were Baht 4,086.7 million, increased by 2.8% from 31 December 2019, mainly due to newly adopted TFRS16 lease, recognizing an increase of right-of-use asset of Baht 141.2 million.

Cash and cash equivalents were Baht 447.6 million, increased by 23.6% 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 and loan repayment.

Network equipment and PPE assets were Baht 2,968.0 million, decreased by 2.1% from 31 December 2019 mainly due to the recognition of depreciation during the period.

Total liabilities were Baht 1,716.0 million, increased by 6.0% from 31 December 2019 mainly due to newly adopted TFRS16 lease, recognizing an increase of lease liabilities of Baht 134.5 million and decreased from loan repayment during the period.

Total shareholders' equity was Baht 2,370.7 million, increased by 0.6% from 31 December 2019 due to the positive net operating result during the period.

As of 31 March 2020, Debt to Equity (D/E) ratio was 0.72x.

## 2020 Outlook

The unprecedented COVID-19 pandemic continued to dominate the front news and cause great concern to both economic and business in Thailand and the world since beginning of 2020. With current outlook situation remains negative and recovery stage is expected to take a while, SYMC will take necessary cautious approach to monitor the post-effect and focus on its services/customers protection as well as to manage profitability.

SYMC expects the remaining year 2020 to be very challenging especially potential adverse impact on the business performance within telecom sector, but at the same time will stay focus on its long term view of business growth and continue to deliver the best possible result for its customers and shareholders.