

Executive Summary

In the third quarter of this year, the Thai economy continued to improve from previous quarter as reported by Bank of Thailand. Private consumption and investment indicators increased but at lower pace, while public spending contracted from lower spending of the central government from both current usage and capital expenditures. Other external factors like rising of inflow of foreign tourists, inflation concern, currency volatility also impacting to many businesses included telecommunication sector.

Whilst the economic slowly on recovery mode, the company still achieve strong revenue growth from all business segments and well-managed cost, result in good profitability growth. Moreover, the company have seen opportunities from incoming of global OTT (over-the-top) players, telco carriers and content providers and hyper scalers/cloud providers to Thailand within near future. SYMC ready to serve customer by excellent service which always improve the network stability and backbone expansion to deliver much better service level experience especially for long term, in view of full transformation of digital operations across all businesses.

Quarter Performance

The Company reported its strong Q3 performance with 4.0% YoY increase in Total Revenue, reflecting its continued solid business growth mainly driven by strong sales demand from both domestic enterprise and global connectivity services. Net Profit for current quarter was Baht 46.6 million, lower by 18.9% YoY due to one-off Other Income for reversal of USO fee provision made in 3Q2001 amounted to Baht 39.7 million. If excluded the Other Income (reversal of USO fee provision), both Total Revenue and Net Profit increased significantly by 14.8% and 80.7% respectively.

For QoQ comparison, the Company also performed higher with 2.5% in Total revenue but lower Net Profit by Baht 3.3 million due to strong contribution growth with 3.1% in services revenue, lower with service & administrative expense by 3%, but higher cost of service of 4.2% to support higher revenue base.

Year-to-Date (9 months) Performance

The Company recorded Total Revenue of Baht 1,269.2 million and Net profit of Baht 125.8 million, increased by 12% and 18.9% compared with last year due to strong growth of connectivity services revenue, lower depreciation expense and lower financial cost. If excluded the Other Income (reversal of USO fee provision), both Total Revenue and Net Profit increased significantly by 16.0% and 69.7% respectively.

3Q2022 Performance Overview

Revenue

In 3Q2022, service revenue was Baht 432.8 million, increased by 14.8% YoY and 3.1% QoQ, due to higher revenue from domestic and international service segments resulted from growing demand for data connectivity, cloud and security services and ICT solutions to support digitalisation for many Enterprises.

Other income was Baht 4.3 million, decreased 37.6% QoQ due to lower gain on FX and decreased 90% YoY, due to 3Q2021 has one-time adjustment of reversal USO fee of Baht 39.7 million.

For 3Q2022, total revenue was Baht 437.1 million, increased by 2.5% QoQ and 4% YoY, due to mainly driven by overall growth from service revenue.

For 9M2022, total revenue was Baht 1,269.2 million, increased by 12% YoY, mainly from the growth of service revenue of 16.3% to Baht 1,254.9 million in both domestic and international connectivity services. Other income was Baht 14.2 million, decreased by 74.1% YoY, due to lower gain on FX and 3Q2021 has one-time adjustment of reversal USO fee of Baht 39.7 million.

Unit : Million Baht	Amount			Change		Amount		Change
	Q3/21	Q2/22	Q3/22	(%) QoQ	(%) YoY	9M21	9M22	(%) YoY
Revenue								
Service revenue	377.1	419.6	432.8	3.1%	14.8%	1,078.6	1,254.9	16.3%
Other income	43.3	6.9	4.3	-37.6%	-90.0%	55.0	14.2	-74.1%
Total Revenue	420.4	426.5	437.1	2.5%	4.0%	1,133.6	1,269.2	12.0%
Costs of Services and Sales (excl. D&A)	(147.6)	(174.7)	(180.5)	3.3%	22.3%	(414.6)	(524.1)	26.4%
Depreciation & Amortization (D&A)	(98.8)	(91.5)	(96.9)	5.9%	-2.0%	(290.5)	(282.8)	-2.7%
Total Cost of Services and Sales	(246.4)	(266.2)	(277.4)	4.2%	12.6%	(705.1)	(807.0)	14.4%
Service & Administrative Expenses (excl. D&A)	(64.8)	(80.6)	(73.4)	-8.9%	13.4%	(188.9)	(228.7)	21.1%
Depreciation & Amortization (D&A)	(12.9)	(13.3)	(17.6)	32.5%	36.8%	(37.7)	(44.0)	16.8%
Total Service & Administrative Expenses	(77.7)	(93.9)	(91.1)	-3.0%	17.3%	(226.6)	(272.7)	20.4%
Operating Profit / (Loss)	96.4	66.5	68.6	3.2%	-28.8%	201.9	189.5	-6.2%
Financial Cost	(11.3)	(8.2)	(9.3)	14.0%	-17.1%	(37.0)	(26.2)	-29.2%
Income Tax Expenses	(18.8)	(8.4)	(12.6)	50.6%	-33.0%	(33.7)	(31.2)	-7.3%
Core Net Profit/(Loss) for the period	66.3	49.9	46.6	-6.5%	-29.6%	131.2	132.1	0.6%
Share of loss of associate accounted for using equity method	(8.7)	0.0	0.0	0.0%	-100.0%	(25.4)	(6.3)	-75.3%
Net Profit/(Loss) for the period	57.5	49.9	46.6	-6.5%	-18.9%	105.8	125.8	18.9%
<i>Core Net Profit/(Loss) Margin</i>	<i>15.8%</i>	<i>11.7%</i>	<i>10.7%</i>			<i>11.6%</i>	<i>10.4%</i>	
<i>Net Profit/(Loss) Margin</i>	<i>13.7%</i>	<i>11.7%</i>	<i>10.7%</i>			<i>9.3%</i>	<i>9.9%</i>	

EBITDA (Unit : Million Baht)	Amount			Change		Amount		Change
	Q3/21	Q2/22	Q3/22	(%) QoQ	(%) YoY	9M21	9M22	(%) YoY
EBITDA								
Operating Profit / (Loss)	96.4	66.5	68.6	3.2%	-28.8%	201.9	189.5	-6.2%
Depreciation & Amortization (D&A)	111.7	104.8	114.5	9.3%	2.5%	328.2	326.9	-0.4%
EBITDA	208.1	171.2	183.1	6.9%	-12.0%	530.2	516.3	-2.6%
<i>EBITDA Margin</i>	<i>49.5%</i>	<i>40.2%</i>	<i>41.9%</i>			<i>46.8%</i>	<i>40.7%</i>	

Costs of Services and Sales (COSS)

In 3Q2022, Costs of Services and Sales were Baht 277.4 million, increased by 12.6% YoY and 4.2% QoQ mainly due to higher network connection expenses from lease line rental on domestic and international services to support higher data connectivity usage, ICT solutions for enterprises segment and increasing international traffic demand between regional borders and higher employee expense.

For 9M2022, Costs of Services and Sales were Baht 807 million, increased by 14.4% YoY, mainly due higher network connection expenses, higher employee expenses and higher site expenses, both coming from higher electricity expenses and cable organize maintenance (initiated by telecom regulator together with MEA/PEA) but lower depreciation expense for network equipment.

Service & Administrative (S&A) Expenses

In 3Q2022, Service & Administrative expenses were Baht 91.1 million, increased by 17.3% YoY mainly due to higher employee expense and higher maintenance on office equipment. However, it decreased by 3% QoQ mainly due to lower employee expense compared to previous quarter.

For 9M2022, Service & Administrative expenses were Baht 272.7 million, also increased by 20.4% YoY, mainly due to overall higher employee expenses, higher selling expense and higher maintenance on office equipment.

EBITDA and Net Profit

In 3Q2022, EBITDA closed at Baht 183.1 million, decreased by 12% YoY due 3Q2021 has one-time adjustment of reversal USO fee of Baht 39.7 million. If excluded, the higher EBITDA increased by 8.7% due to higher services revenue and set-off with higher employee expense, selling expense, maintenance on office equipment and depreciation expense.

Compare QoQ, EBITDA increased 6.9% due to higher services revenue growth and lower service and administrative expense, compared to previous quarter.

Net Profit closed at Baht 46.6 million, decreased by 18.9% YoY but if excluded the Other Income adjustment of reversal USO fee provision, the Net Profit would increased by 80.7% due to higher services revenue growth from Domestic and International segments and higher operation cost, financial cost and depreciation expense.

For compare QoQ, Net Profit was lower by 6.5%, due to higher revenue and EBTIDA but also impacted by higher depreciation, financial cost and higher tax expense.

For 9M2022, both EBITDA and Net Profit were higher at Baht 516.3 million and Baht 125.8 million, resulted from growth in total revenue, better cost management, lower financial cost, depreciation expense and tax expense.

Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-21		30-Sep-22		Change	
	Amount	%	Amount	%	Amount	(%) YoY
Assets						
Cash and cash equivalents	350.4	8.6%	192.9	4.6%	-157.5	-44.9%
Trade and other account receivables	303.7	7.5%	300.1	7.1%	-3.7	-1.2%
Other current assets	101.1	2.5%	83.3	2.0%	-17.8	-17.6%
Total current assets	755.3	18.6%	576.3	13.7%	-178.9	-23.7%
Investment in associate	6.3	0.2%	0.0	0.0%	-6.3	-100.0%
Long-term loans to related party	107.6	2.6%	118.9	2.8%	11.4	10.6%
Network equipment and PPE	3,027.8	74.5%	3,283.2	77.8%	255.3	8.4%
Other non-current assets	165.4	4.1%	243.4	5.8%	78.0	47.2%
Total non-current assets	3,307.1	81.4%	3,645.5	86.3%	338.4	10.2%
Total assets	4,062.3	100.0%	4,221.8	100.0%	159.5	3.9%
Liabilities and shareholders' equity						
Trade payables	395.6	9.7%	414.6	9.8%	19.1	4.8%
Current portion of long-term/ short-term loans	416.8	10.3%	316.3	7.5%	-100.5	-24.1%
Other current liabilities	78.8	1.9%	96.3	2.3%	17.5	22.2%
Total current liabilities	891.1	21.9%	827.1	19.6%	-64.0	-7.2%
Long-term loans	544.5	13.4%	611.2	14.5%	66.7	12.3%
Other non-current liabilities	82.5	2.0%	143.7	3.4%	61.2	74.2%
Total non-current liabilities	627.0	15.4%	754.9	17.9%	128.0	20.4%
Total liabilities	1,518.1	37.4%	1,582.1	37.5%	64.0	4.2%
Share capital and share premium	1,818.0	44.8%	1,818.0	43.1%	0.0	0.0%
Retained earnings	702.6	17.3%	795.8	18.9%	93.2	13.3%
Other components of equity	23.6	0.6%	25.9	0.6%	2.3	9.7%
Shareholders' Equities	2,544.2	62.6%	2,639.8	62.5%	95.5	3.8%
Total liabilities and shareholders' equity	4,062.3	100.0%	4,221.8	100.0%	159.5	3.9%

Unit : Million Baht	As of 30-Sep-21	As of 30-Sep-22
Cash flows from operating activities	506.2	545.2
Cash flows used in investing activities	(357.8)	(557.2)
Free cash flows	148.3	(12.0)
Cash flows used in financial activities	(398.7)	(145.5)
Net change in cash	(250.4)	(157.5)
Beginning Cash and Cash Equivalents	695.8	350.4
Ending Cash and Cash Equivalents	445.4	192.9

As of 30 September 2022, total assets were Baht 4,221.8 million, increased by 3.9% from 31 December 2021, mainly due to invest in new network systems/equipment to amount Baht 255.3 million.

Cash and cash equivalents were Baht 192.9 million, decreased by 44.9% from 31 December 2021 due to working capital and operational capex, including partial payments for new network backbone system.

Network equipment and PPE assets were Baht 3,283.2 million, increased by 8.4% from 31 December 2021 mainly due to invest in new network systems/equipment to support the increased customer service.

Total liabilities were Baht 1,582.1 million, increased by 4.2% from 31 December 2021 mainly due to loan drawdown during the period.

Total shareholders' equity was Baht 2,639.8 million, increased by 3.8% from 31 December 2021 due to the positive net operating result during the period and paid dividend to shareholder.

As of 30 September 2022, Debt to Equity (D/E) ratio was at 0.60x (*as of 31 December 2021: 0.60x*) and Debt to EBITDA ratio was at 2.30x (*as of 31 December 2021: 2.18x*).

2022 Outlook

Thailand economy for the fourth quarter of this year expects to be on slow recovery mode together with other macroeconomic factors such as global recession outlook, inflation risk, financial currency volatile and rising energy cost. However, the company aims to seeking more expansion of services as part of digital transformation amongst all enterprises and to explore more opportunities to serve more infrastructure and connectivity for hyperscalers/cloud providers as part of their future technology infrastructure expansion into Thailand.

In view of the solid business fundamentals and long-term direction, SYMC is fully committed to deliver positive growth trend results in 2022 by continuously investing in innovation services and improving operating efficiencies and commit to deliver positive return to shareholders.