

Executive Summary

In the second quarter of this year, the Thai economy recovery remained on its recovery track. Bank Of Thailand (BOT) announce that Thailand inflation decreased slightly. The overall labor market recovered in line with economic condition including public spending expanded from the compensation of public servants amid uncertain of political situation.

While economic situation as mentioned above and highly competitive world of telecommunications, the company's Q2 performance lies in its astounding 155% YoY growth in net profit. This surge in net profit further exemplifies the effectiveness of the company's business model and its ability to convert revenue into significant earnings. By striking the right balance between aggressive expansion and prudent financial management, the company has demonstrated its resilience and financial disciplined. The company's ability to navigate challenges, capitalize on opportunities, and prioritize customer satisfaction has set it apart in a fiercely competitive industry. With a strong foundation and a forward-looking approach, the company appears well-positioned to sustain its growth trajectory in the quarters to come.

Quarter Performance

The Company reported its strong Q2 performance with 30.6% 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 127.3 million, higher by 100% YoY, due to this quarter including one-off gain on sale of investment in associate of 63.7 million (before tax).

For QoQ comparison, the Company also performed higher with 18.6% in Total revenue and higher with 100% in Net Profit due to strong contribution growth with 3.4% in services revenue, higher by 100% in other income from one-off item of gain on sale of investment in associate, lower service & administration expense by 0.6% but higher cost of service by 3.9% and depreciation expense (network equipment and office equipment) by 2.7%.

Exclude one-off item of gain on sale of investment in associate, total revenue of the Company increased by 15.7% YoY and by 5% QoQ. The Normalized Net Profit for current quarter was Baht 66.5 million, higher by 33.2% YoY and by 41.6% QoQ.

Year-to-Date (6 months) Performance

The Company recorded Total Revenue of Baht 1,026.7 million and Core Net Profit of Baht 174.2 million respectively, increased by 23.4% and more than by 100% compared with YoY due to strong growth of connectivity services revenue and higher in other income from one-off item of gain on sale of investment in associate. Exclude one-off item of gain on sale of investment in associate, the Normalized Net Profit was Baht 113.4 million, also higher by 43.4% YoY.

2Q2023 Performance Overview

Revenue

In 2Q2023, service revenue was Baht 482.2 million, increased by 14.9% YoY and 3.4% 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 74.7 million, increased 100% QoQ and YoY due to this quarterly had one-off item of gain on sale of investment in associate. Exclude one-off item of gain on sale of investment in associate, total revenue in current quarter was Baht 493.3 million, higher with 15.7% YoY and by 5% QoQ.

For 6M2023, total revenue was Baht 1,026.7 million, increased by 23.4% YoY, mainly from the growth of service revenue of 15.4% to Baht 948.7 million in both domestic and international connectivity services. Other income was Baht 78 million, increased by 100% YoY, from one-off item of gain on sale of investment in associate of Baht 63.7 million and gain on FX of Baht 10.6 million. Exclude one-off item of gain on sale of investment in associate, total revenue was Baht 963 million, higher with 15.7% YoY.

Unit : Million Baht	Amount			Change		Amount		Change
	Q2/22	Q1/23	Q2/23	(%) QoQ	(%) YoY	6M22	6M23	(%) YoY
Revenue								
Service revenue	419.6	466.4	482.2	3.4%	14.9%	822.2	948.7	15.4%
Other income	6.9	3.3	74.7	2151.6%	977.0%	9.9	78.0	686.9%
Total Revenue	426.5	469.7	557.0	18.6%	30.6%	832.1	1,026.7	23.4%
Costs of Services and Sales (excl. D&A)	(174.7)	(207.0)	(215.1)	3.9%	23.1%	(343.6)	(422.1)	22.8%
Depreciation & Amortization (D&A)	(91.5)	(96.7)	(99.3)	2.7%	8.6%	(185.9)	(196.1)	5.4%
Total Cost of Services and Sales	(266.2)	(303.8)	(314.4)	3.5%	18.1%	(529.5)	(618.1)	16.7%
Service & Administrative Expenses (excl. D&A)	(80.6)	(82.2)	(81.5)	-0.8%	1.2%	(155.2)	(163.8)	5.5%
Depreciation & Amortization (D&A)	(13.3)	(14.0)	(14.1)	0.9%	5.9%	(26.4)	(28.1)	6.4%
Total Service & Administrative Expenses	(93.9)	(96.2)	(95.6)	-0.6%	1.9%	(181.6)	(191.8)	5.6%
Operating Profit / (Loss)	66.5	69.8	146.9	110.6%	121.0%	120.9	216.7	79.3%
Financial Cost	(8.2)	(9.6)	(9.2)	-3.8%	12.2%	(16.9)	(18.7)	11.1%
Income Tax Expenses	(8.4)	(13.3)	(10.5)	-20.8%	25.3%	(18.6)	(23.8)	27.7%
Core Net Profit/(Loss) for the period	49.9	46.9	127.3	171.1%	155.0%	85.4	174.2	103.9%
<i>Core Net Profit/(Loss) Margin</i>	<i>11.7%</i>	<i>10.0%</i>	<i>22.8%</i>			<i>10.3%</i>	<i>17.0%</i>	
Share of loss of associate accounted for using equity method	0.0	0.0	0.0	0.0%	0.0%	(6.3)	0.0	100.0%
Net Profit/(Loss) for the period	49.9	46.9	127.3	171.1%	155.0%	79.1	174.2	120.2%
<i>Net Profit/(Loss) Margin</i>	<i>11.7%</i>	<i>10.0%</i>	<i>22.8%</i>			<i>9.5%</i>	<i>17.0%</i>	
One-off items (after tax)	0.0	0.0	(60.8)	-100.0%	-100.0%	0.0	(60.8)	-100.0%
Normalized Net Profit/(Loss) for the period	49.9	46.9	66.5	41.6%	33.2%	79.1	113.4	43.4%
<i>Normalized Net Profit/(Loss) Margin</i>	<i>11.7%</i>	<i>10.0%</i>	<i>13.5%</i>			<i>9.5%</i>	<i>11.8%</i>	

EBITDA (Unit : Million Baht)	Amount			Change		Amount		Change (%) YoY
	Q2/22	Q1/23	Q2/23	(%) QoQ	(%) YoY	6M22	6M23	
EBITDA								
Operating Profit /(Loss)	66.5	69.8	146.9	110.6%	121.0%	120.9	216.7	79.3%
Depreciation & Amortization (D&A)	104.8	110.7	113.4	2.4%	8.2%	212.3	224.1	5.6%
EBITDA	171.2	180.5	260.4	44.3%	52.0%	333.2	440.8	32.3%
<i>EBITDA Margin</i>	<i>40.2%</i>	<i>38.4%</i>	<i>46.7%</i>			<i>40.0%</i>	<i>42.9%</i>	
One-off items (before tax)	0.0	0.0	(63.7)	-100.0%	-100.0%	0.0	(63.7)	-100.0%
Normalized EBITDA	171.2	180.5	196.7	9.0%	14.8%	333.2	377.1	13.2%
<i>Normalized EBITDA Margin</i>	<i>40.2%</i>	<i>38.4%</i>	<i>39.9%</i>			<i>40.0%</i>	<i>39.2%</i>	
Normalised Profit	49.9	46.9	63.6	35.4%	27.3%	85.4	110.5	29.4%

Costs of Services and Sales (COSS)

In 2Q2023, Costs of Services and Sales were Baht 314.4 million, increased by 18.1% YoY and by 3.5% QoQ mainly due to higher network connection expenses from lease line rental on domestic and international services to support higher data connectivity usage, higher employee expense, higher utilities site and higher depreciation expense for network equipment.

For 6M2023, Costs of Services and Sales were Baht 618.1 million, increased by 16.7% YoY, mainly due higher network connection expenses, higher employee expenses and higher site expenses, both coming from higher electricity expenses and maintenance costs and higher depreciation expense for network equipment.

Service & Administrative (S&A) Expenses

In 2Q2023, Service & Administrative expenses were Baht 95.6 million, increased by 1.9% YoY mainly due to higher employee expense (salary, training expense, etc) and higher professional fee. Compare with last quarter, lower by 0.6% mainly due to lower selling and marketing expense for connecting with customers and public relation with more customers and lower employee expense (bonus and staff activities for connecting relationships within the company).

For 6M2023, Service & Administrative expenses were Baht 191.8 million, also increased by 5.6% YoY, mainly due to overall higher employee expenses and training, higher professional fee and higher maintenance on office equipment.

EBITDA and Net Profit

In 2Q2023, EBITDA closed at Baht 260.4 million, increased by 52.0% YoY and by 44.3% QoQ due to higher service revenue and one-off item of gain on sale of investment in associate but net-off with higher cost of service, depreciation expense for network equipment and office equipment and lower service and administrative expense. Exclude one-off item of gain on sale of investment in associate, EBITDA closed at Baht 196.7 million, increased by 14.8% YoY and by 9% QoQ.

Net Profit closed at Baht 127.3 million, increased by 100% YoY and QoQ due to growth in service income, other income from one-off item of gain on sale of investment in associate but net-off with higher cost of service and depreciation expense for network equipment and office equipment. Excluded one-off item of gain on sale of investment in associate of Baht 63.7 million, the normalized Net Profit was Baht 66.5 million, increased by 33.2% YoY and by 41.6% QoQ.

For 6M2023, both EBITDA and Core Net Profit were higher at Baht 440.8 million and Baht 174.2 million, resulted from growth in service revenue, other income from one-off item of gain on sale of investment in associate and better cost management. Excluded one-off item of gain on sale of investment in associate, EBITDA and the normalized Net Profit was Baht 377.1 million and Baht 113.4 million, increased by 13.2% YoY and by 43.4% QoQ.

Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-22		30-Jun-23		Change	
	Amount	%	Amount	%	Amount	(%) YoY
Assets						
Cash and cash equivalents	199.5	4.6%	390.4	9.1%	190.9	95.7%
Trade and other account receivables	343.5	7.9%	317.9	7.4%	-25.7	-7.5%
Other current assets	87.0	2.0%	79.0	1.8%	-8.0	-9.2%
Total current assets	630.1	14.6%	787.3	18.3%	157.2	25.0%
Investment in associate	0.0	0.0%	0.0	0.0%	0.0	0.0%
Long-term loans to related party	124.1	2.9%	0.0	0.0%	-124.1	-100.0%
Network equipment and PPE	3,302.2	76.4%	3,245.9	75.6%	-56.2	-1.7%
Other non-current assets	268.4	6.2%	258.2	6.0%	-10.3	-3.8%
Total non-current assets	3,694.7	85.4%	3,504.1	81.7%	-190.6	-5.2%
Total assets	4,324.8	100.0%	4,291.4	100.0%	-33.4	-0.8%
Liabilities and shareholders' equity						
Trade payables	408.5	9.4%	311.5	7.3%	-97.0	-23.7%
Current portion of long-term/ short-term loans	306.2	7.1%	291.8	6.8%	-14.4	-4.7%
Other current liabilities	113.7	2.6%	117.8	2.7%	4.1	3.6%
Total current liabilities	828.4	19.2%	721.2	16.8%	-107.2	-12.9%
Long-term loans	638.3	14.8%	592.4	13.8%	-45.9	-7.2%
Other non-current liabilities	173.7	4.0%	159.7	3.7%	-13.9	-8.0%
Total non-current liabilities	812.0	18.8%	752.1	17.5%	-59.9	-7.4%
Total liabilities	1,640.4	37.9%	1,473.3	34.3%	-167.1	-10.2%
Share capital and share premium	1,818.0	42.0%	1,818.0	42.4%	0.0	0.0%
Retained earnings	840.1	19.4%	973.7	22.7%	133.7	15.9%
Other components of equity	26.3	0.6%	26.3	0.6%	0.1	0.3%
Shareholders' Equities	2,684.4	62.1%	2,818.1	65.7%	133.7	5.0%
Total liabilities and shareholders' equity	4,324.8	100.0%	4,291.4	100.0%	-33.4	-0.8%

Unit : Million Baht	As of 30-Jun-22	As of 30-Jun-23
Cash flows from operating activities	299.7	384.1
Cash flows used in investing activities	(352.5)	(106.0)
Free cash flows	(52.8)	278.1
Cash flows used in financial activities	(64.6)	(92.4)
Net change in cash	(117.4)	185.7
Effect of exchange rate changes	1.3	5.1
Beginning Cash and Cash Equivalents	350.4	199.5
Ending Cash and Cash Equivalents	234.3	390.4

As of 30 June 2023, total assets were Baht 4,291.4 million, decreased by 0.8% from 31 December 2022, mainly due to lower by 7.5% in trade account receivable and lower by 100% in loan to related party from receive the full amount of loan, then effected to increase by 95.7% in cash and cash equivalents.

Cash and cash equivalents were Baht 390.4 million, increased by 95.7% from 31 December 2022 due to cash balance from normal business operations and receipt money from sale of investment in associate.

Network equipment and PPE assets were Baht 3,245.9 million, decreased by 1.7% from 31 December 2022 mainly due to depreciation expense.

Long-term loan to related party decreased by 100% from 31 December 2022 due to receive the full amount of loan in May 2023.

Total liabilities were Baht 1,473.3 million, decreased by 10.2% from 31 December 2022 mainly due to loan repayment during the period and decreased by 23.7% in account payable.

Total shareholders' equity was Baht 2,818.1 million, increased by 5.0% from 31 December 2022 due to the positive net operating result during the period and paid dividend to shareholders.

As of 30 June 2023, Debt to Equity (D/E) ratio was at 0.52x (*as of 31 December 2022: 0.61x*) and Debt to EBITDA ratio was at 1.67x (*as of 31 December 2022: 2.41x*).

2023 Outlook

In the second half of the year, Thailand's economic outlook remains delicate due to various factors, including signs of inflation, escalating material costs and uncertain of political situation. Additionally, the potential repercussions of a global economic recession add to the uncertainties.

However, despite the challenges, the company anticipates a positive business sentiment and a steady upward trend in digital transformation among enterprises. The gradual but steady shift towards cloud computing, infrastructure technologies, and ICT solutions is expected to continue, as companies seek to optimize their business operations and processes together with focus on expanding its network and

services to cater to the increasing demand for connectivity and value-added solutions across various sectors. The company firmly believes that digitalization initiatives undertaken by enterprises will be a pivotal trend in the future, leading to increased global data connectivity.

To maintain revenue and earnings positive growth throughout the year 2023, the company remains focused on maintaining high standards of customer service, ensuring that its clients receive exceptional support and assistance throughout their journey with the company. By prioritizing customer satisfaction and responsiveness, SYMC aims to solidify its position as a trusted partner for businesses seeking reliable and future-ready telecommunication solutions.