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## I. Overview

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Thaicom Plc ("the Company")'s revenue from sale of goods and rendering of services for Q3/2013 totaled Baht 2,062 million, rising 14.9% and 13.6% from the previous quarter and the same quarter last year. The revenue growth, mainly contributed by revenues from the satellite business, and the efficiency of cost and SG&A control, resulted in an operating profit (EBIT) for Q3/2013 of Baht 461 million, up by 12.2% and 51.6% from Q2/2013 and Q3/2012 respectively.

For Q3/2013, the Company's net profit was Baht 320 million, up by Baht 130 million or 68.4% from Q2/2013, and up by Baht 427 million or 399.1% from Q3/2012.

For 9M/2013, the Company reported a net profit of Baht 841 million, up by Baht 791 million or 1582.0% from Baht 50 million for 9M/2012, as a result of the revenue growth, the efficiency of cost and SG&A control, a decrease in finance cost, and a decrease in loss from discontinued operation.

In the separate financial statements, the Company had net profit of Baht 276 million or Baht 0.25 per share for Q3/2013, and net profit of Baht 647 million or Baht 0.59 per share for 9M/2013.

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## II. Business Summary

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### ***Transponder leasing and related business***

The Company has technically optimized the satellite transmission and allocation of the TV channels on the satellite to greatly enhance the audience's viewing experience with more superior video and sound. At the end of Q3/2013 the number of television channels under the conventional satellite platform at 78.5 degrees east was 621 channels, up from 472 channels at the end of Q3/2012.

The Thaicom 6 satellite project has been waiting for the launch vehicle to be ready and launch. The Thaicom 7 satellite project has been in the process of the second Spacecraft Thermal Vacuum (SCTV) test that validates a satellite's performance in a simulated space vacuum environment and extreme temperatures.

In Q3/2013, the Company has signed a cooperation framework agreement with Global Eagle Entertainment Inc., the leading provider of satellite-based in-flight Wi-Fi and device-based entertainment for airlines around the world. The partnership in satellite-based in-flight connectivity and communications is designed to help airlines in Thailand and the Asia Pacific region develop and operate a unique, reliable and enjoyable in-flight connectivity service.

IPSTAR bandwidth leasing service business has grown from customers' lease of greater bandwidth of IPSTAR. The Company has also continued to focus on Open Access Platform (OAP) strategy allowing satellite technology equipment vendors to access the THAICOM 4 broadband satellite to provide customers with flexibility in choosing the most appropriate solution for their specific requirements.

### ***Telephone and Internet access businesses***

As of the end of Q3/2013, Lao Telecommunications Co., Ltd. (LTC) had total phone subscribers of 1,414,835, increased from 1,311,583 at the end of Q3/2012. Currently, there are four mobile network operators in Lao PDR and LTC still ranks No.1 in Lao PDR's mobile phone market share.

In Q3/2013, CS LoxInfo Plc ("CSL") had an increase in the number of subscribers for leased line and Internet Data Center (IDC) services due to focusing on being an ICT (Internet/Computer/Telecom) service provider providing a complete solution service, for internet, computer and communication to new customers' demands. This resulted to the growth of new customers and bandwidth usage in corporate customers. The Company reported net profit of CSL group in share of profit of associates in consolidated income statement.

### ***Media business***

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,449,245 sets as of the end of Q3/2013, up 95,202 sets from 1,354,043 sets as of the end of Q3/2012. Currently, DTH business is fiercely competitive with a variety of DTH operator strategies to grab the mass market.

### III. Consolidated Operating Results

#### Selected financial information on THCOM

Unit: MBt	Amount			Change		Amount		Change
	Q3/13	Q1/13	Q3/12	QoQ (%)	YoY (%)	9M/13	9M/12	YoY (%)
Revenue from sale of goods and rendering of services	2,062	1,794	1,815	14.9%	13.6%	5,629	5,406	4.1%
Cost of sale of goods and rendering of services	1,223	1,030	1,103	18.7%	10.9%	3,325	3,394	-2.0%
SG&A expenses	378	353	408	7.1%	-7.4%	1,136	1,013	12.1%
EBIT from continuing operations*	461	411	304	12.2%	51.6%	1,168	999	16.9%
EBITDA from continuing operations **	979	947	843	3.4%	16.1%	2,739	2,608	5.0%
Share of profits of associate	44	48	42	-8.3%	4.8%	154	126	22.2%
Reversal of impairment (impairment losses) on non-current assets held for sale	-	-	(210)	-	100.0%	51	(251)	120.3%
Profit (loss) from continuing operations	320	190	21	68.4%	1423.8%	892	433	106.0%
Profit (Loss) from discontinued operation, net of income tax	-	-	(129)	-	100.0%	(51)	(383)	86.7%
Net profit (loss)	320	190	(107)	68.4%	399.1%	841	50	1582.0%
EPS (Baht)	0.29	0.17	(0.10)	70.6%	390.0%	0.77	0.05	1440.0%

\* EBIT = Sales and service income – Cost of sales and service – SG&A

\*\* EBITDA = EBIT + Depreciation and Amortization

#### Sales and service income

Consolidated revenue from sale of goods and rendering of services in Q3/2013 was Baht 2,062 million, an increase of Baht 247 million or 13.6% compared to Baht 1,815 million in Q3/2012 and an increase of Baht 268 million or 14.9% from Baht 1,794 million in Q2/2013. For 9M/2013, consolidated revenue from sale of goods and rendering of services was Baht 5,629 million, an increase of Baht 223 million or 4.1% from Baht 5,406 million for 9M/2012.

Revenue from sale of goods and rendering of services	Q3/13	Q2/13	Q3/12	%QoQ	%YoY	9M/13	9M/12	%YoY
Satellite and related services	1,822	1,587	1,599	14.8%	13.9%	4,950	4,676	5.9%
Telephone and Internet access services*	206	200	179	3.0%	15.1%	599	541	10.7%
Media services**	62	29	46	113.8%	34.8%	150	217	-30.9%
Consolidation eliminations	(28)	(22)	(9)	27.3%	211.1%	(70)	(28)	-150.0%
<b>Total</b>	<b>2,062</b>	<b>1,794</b>	<b>1,815</b>	<b>14.9%</b>	<b>13.6%</b>	<b>5,629</b>	<b>5,406</b>	<b>4.1%</b>

\* Include revenue from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

\*\* Include revenue from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

#### Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q3/2013 was Baht 1,822 million, a rise of Baht 223 million or 13.9% compared to Baht 1,599 million in Q3/2012 and an increase of Baht 235 million or 14.8% from Baht 1,587 million in Q2/2013, contributed by Thaicom conventional satellite service and IPSTAR bandwidth leasing service.

For 9M/2013, revenue from satellite transponders and related services was Baht 4,950 million, up by Baht 274 million or 5.9% from Baht 4,676 million in 9M/2012.

Satellite and related services	Q3/13	Q2/13	Q3/12	%QoQ	%YoY	9M/13	9M/12	%YoY
Conventional *	916	745	749	23.0%	22.3%	2,395	2,139	12.0%
IPSTAR	906	842	850	7.6%	6.6%	2,555	2,537	0.7%
Sales	38	45	95	-15.6%	-60.0%	145	261	-44.4%
Services	868	797	755	8.9%	15.0%	2,410	2,276	5.9%
<b>Total</b>	<b>1,822</b>	<b>1,587</b>	<b>1,599</b>	<b>14.8%</b>	<b>13.9%</b>	<b>4,950</b>	<b>4,676</b>	<b>5.9%</b>

\* Include the Thaicom 5 satellite and the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 satellite

- Revenue from the Thaicom conventional satellite business for Q3/2013 was Baht 916 million, up by Baht 167 million or 22.3% from Baht 749 million in Q3/2012 and up by Baht 171 million or 23.0% from Baht 745 million in Q2/2013, due mainly to:
  - The growing demand of Thailand's broadcasters which has been served by the interim satellite providing services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 and commencing services in August 2013. The demand for commercial satellite services from broadcasting satellite operators has continued to be strong and growing as can be seen from an increase in the number of television channels under the conventional satellite platform at 78.5 degrees east from 472 channels at the end of Q3/2012 to 621 channels at the end of Q3/2013,
  - Revenue growth from sale of equipment to broadcasting satellite operators.
- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 906 million in Q3/2013, up by Baht 56 million or 6.6% from Baht 850 million in Q3/2012. This was contributed by:
  - Service revenue growth of Baht 113 million or 15.0%, mainly driven by bandwidth leasing service in Thailand, Australia, India, Indonesia, and Malaysia, Offset by
  - Sales revenue drop of Baht 57 million or 60.0%, due mainly to a drop in user terminal (UT) sales volume,

Compared to Baht 842 million in Q2/2013, IPSTAR revenue in Q3/2013 rose by Baht 64 million or 7.6% on service revenue growth mainly from bandwidth leasing service in India, Indonesia, Japan, and Australia.

#### Telephone and Internet access services

The Company's revenue from telephone and Internet services in Lao PDR in Q3/2013 was Baht 206 million, up by Baht 27 million or 15.1% compared to Baht 179 million in Q3/2012. This led to a revenue increase of Baht 58 million or 10.7% in 9M/2013 from Baht 541 million in 9M/2012. The revenue growth was mainly contributed by;

- A revenue increase from prepaid and postpaid mobile phone services, resulting from higher mobile phone subscriber base and average revenue per subscriber (ARPU),
- A revenue increase from interconnection charge, international telephone service charge, and International Roaming (IR) charge,
- A revenue increase from Internet access services, following an increase in the number of HSPA subscribers.

Compared to the previous quarter, revenue from telephone and Internet services in Lao PDR in Q3/2013 rose by Baht 6 million or 3.0%.

#### Media services

Revenue from media services in Q3/2013 was Baht 62 million, up by Baht 16 million or 34.8% from Baht 46 million in Q3/2012, and up by Baht 33 million or 113.8% from Baht 29 million in Q2/2013. This was due mainly to revenue increase in sale of Dtv satellite dish and IRD box, following Dtv sales volume increase.

**Cost of sales and service**

The Company reported consolidated cost of sale and services for Q3/2013 of Baht 1,223 million, an increase of Baht 120 million or 10.9% compared to Baht 1,103 million in Q3/2012 and an increase of Baht 193 million or 18.7% from Baht 1,030 million in Q2/2013.

Total consolidated cost of sale and services for 9M/2013 was Baht 3,325 million, down by Baht 69 million or 2.0% from Baht 3,394 million for 9M/2012. Total cost accounted for 59.1% of total sales and service income for 9M/2013, down from 62.8% in 9M/2012.

Cost of sale of goods and rendering of services	Q3/13	Q2/13	Q3/12	%QoQ	%YoY	9M/13	9M/12	%YoY
Satellite and related services	1,060	882	950	20.2%	11.6%	2,852	2,904	-1.8%
Telephone and Internet access services*	128	129	111	-0.8%	15.3%	372	320	16.3%
Media services**	49	30	53	63.3%	-7.5%	136	206	-34.0%
Consolidation eliminations	(14)	(11)	(11)	27.3%	27.3%	(35)	(36)	2.8%
<b>Total</b>	<b>1,223</b>	<b>1,030</b>	<b>1,103</b>	<b>18.7%</b>	<b>10.9%</b>	<b>3,325</b>	<b>3,394</b>	<b>-2.0%</b>

\* Include cost from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

\*\* Include cost from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q3/2013 was Baht 1,060 million, an increase of Baht 110 million or 11.6% from Baht 950 million in Q3/2012, and an increase of Baht 178 million or 20.2% from Baht 882 million in Q2/2013.

For 9M/2013, cost relating to transponder leasing and related services was Baht 2,852 million, a decrease of Baht 52 million or 1.8% from Baht 2,904 million for 9M/2012 due to a decrease in cost relating to IPSTAR services, offset by an increase in cost relating to the conventional satellite business.

Satellite and related services	Q3/13	Q2/13	Q3/12	%QoQ	%YoY	9M/13	9M/12	%YoY
Conventional *	447	266	262	68.0%	70.6%	985	765	28.8%
IPSTAR	613	616	688	-0.5%	-10.9%	1,867	2,139	-12.7%
<b>Total</b>	<b>1,060</b>	<b>882</b>	<b>950</b>	<b>20.2%</b>	<b>11.6%</b>	<b>2,852</b>	<b>2,904</b>	<b>-1.8%</b>

\* Include the Thaicom 5 satellite and the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 satellite

- Cost relating to the conventional satellite business was Baht 447 million, up by Baht 185 million or 70.6% from Baht 262 million in Q3/2012, and up by Baht 181 million or 68.0% from Baht 266 million in Q2/2013 mainly caused by an increase in transponder rental from acquiring an interim satellite to provide services at 78.5 degrees East orbital slot well ahead of the launch of Thaicom 6, and higher operating agreement fee following the revenue growth.
- Cost relating to the Thaicom 4 (IPSTAR) satellite was Baht 613 million, down by Baht 75 million or 10.9% from Baht 688 million in Q3/2012, primarily due to lower cost of UT sales following the UT sales drop, offset by higher operating agreement fee following the IPSTAR bandwidth revenue growth. Compared to Q2/2013, IPSTAR cost decreased by Baht 3 million or 0.5%.

Cost of telephone and Internet access services

Cost relating to the telephone and Internet business in Lao PDR for Q3/2013 amounted to Baht 128 million, an increase of Baht 17 million or 15.3% from Baht 111 million in Q3/2012, due mainly to higher cost of interconnection charge and international sharing charge following the revenue growth.

Compared to Baht 129 million in Q2/2013, cost relating to the telephone and Internet business in Lao PDR decreased Baht 1 million or 0.8%.

#### Cost of media services

Cost relating to media business in Q3/2013 was Baht 49 million, down by Baht 4 million or 7.5% from Baht 53 million in Q3/2012. Compared to Baht 30 million for Q2/2013, cost relating to media business rose by Baht 19 million or 63.3% due to an increase in cost of sales of Dtv satellite dish and IRD box following the revenue growth.

#### **Selling and administrative expenses**

SG&A expenses, including directors and management benefit expenses, totaled Baht 378 million in Q3/2013, a decrease of Baht 30 million or 7.4% from Baht 408 million for Q3/2012, due mainly to:

- Provision of related expense from the sale of share in Mfone Co., Ltd. in Q3/2012, while there was no this item in Q3/2013, Offset by increases in
- Marketing expenses for the satellite business
- Staff expenses for the telephone and Internet access businesses in Lao PDR.
- Obsolete stock provision for the media business

Compared to Baht 353 million in the previous quarter, SG&A increased by Baht 25 million or 7.1%, resulting from increases in bad debt provision for the telephone business in Lao PDR, and in obsolete stock provision for the media business.

#### **Loss on exchange rate**

In Q3/2013, the Company reported a loss on foreign exchange of Baht 46 million. This was largely impacted by the revaluation of borrowings for the Thaicom 6 project as a result of the depreciation of the Thai Baht against the US dollar.

#### **Finance costs**

Finance costs totaled Baht 67 million in Q3/2013, down by Baht 46 million, or 40.7%, compared with Baht 113 million in Q3/2012. This was because of the repayment of the principal amount of Baht 3,300 million of the debentures on 6 November 2012, resulting in a decrease in debenture interests in Q3/2013 as compared to Q3/2012. Finance costs in Q3/2013 mostly comprised of interests on the debentures of Baht 3,700 million redeemable on 6 November 2014.

#### **Share of profit of associates**

Share of profit of associates in Q3/2013 was Baht 44 million, up by Baht 2 million or 4.8% from Baht 42 million in Q3/2012, due to a 5.0% increase in CSL's net profit over Q3/2012.

#### **Income tax expense**

In Q3/2013, the Company reported income tax expense of Baht 125 million, up by Baht 26 million or 26.3% from Baht 99 million in Q3/2012.

#### **Loss from discontinued operation, net of income tax**

The Company's consolidated statements of income for the three-month periods ended 30 September 2013 and 30 September 2012 has separated Mfone's operating result under "Loss from discontinued operation, net of income tax" to show the discontinued operations separately from continuing operations. The Company has stopped recognizing net loss from Mfone's operation since 14 February 2013 (the date of loss of control), resulting to none of Mfone's net loss in Q3/2013 as compared to net loss of Baht 129 million in Q3/2012.

#### IV. Financial Position

At the end of Q3/2013, the Company reported total assets of Baht 25,155 million, a decrease of Baht 656 million or 2.5% from Baht 25,811 million at the end of 2012. This was mainly because of:

- Exclusion of the non-current assets held for abandonment from the consolidated balance sheet as of 30 September 2013 due to the loss of control over Mfone since 14 February 2013,
- Year-to-date accumulated depreciation and amortization of PP&E and PP&E under operating agreements,  
Offset by
- Higher cash and cash equivalents.

#### THCOM's asset components

Assets	September 30, 2013		December 31, 2012	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	5,745	22.8	5,809	22.5
Investment in associates	447	1.8	456	1.8
PP&E, net	6,306	25.1	5,647	21.9
PP&E under the concession agreement, net	10,471	41.6	11,482	44.5

#### Liquidity

At the end of Q3/2013, the Company had a current ratio of 2.58x, up from 1.51x at the end of 2012 due mainly to higher cash and cash equivalents.

#### Investments in associate

Investment in CSL was presented as "investment in associate" item. At the end of Q3/2013 the Company's investment in CSL totaled Baht 447 million, a decrease of Baht 9 million or 2.0% from Baht 456 million at the end of 2012, reflecting a dividend income from CSL of Baht 163 million, offset by a proportionate recognition of CSL's net profit for 9M/2013 amounting to Baht 154 million.

#### Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q3/2013 was Baht 6,306 million, an increase of Baht 659 million or 11.7% from Baht 5,647 million at the end of 2012. This was due mainly to:

- Additions to PP&E for 9M/2013 largely consisting of assets for the satellite business; offset by
- Accumulated depreciation and amortization of PP&E in 9M/2013.

#### PP&E under operating agreement

PP&E under operating agreement at the end of Q3/2013 was Baht 10,471 million, a decrease of Baht 1,011 million or 8.8% from Baht 11,482 million at the end of 2012 mostly due to depreciation expenses in 9M/2013.

#### Borrowings and Shareholders' equity

The Company's *net borrowings* at the end of Q3/2013 were Baht 8,193 million, an increase of Baht 1,032 million or 14.4% from Baht 7,161 million at the end of 2012, mainly attributable to proceeds from long-term loans for the Thaicom 6 project.

The Company's *shareholders' equity* at the end of Q3/2013 was Baht 14,670 million, an increase of Baht 431 million or 3.0% from Baht 14,239 million at the end of 2012, reflecting:

- Net profit for 9M/2013 of Baht 841 million,

- Translation gain relating to financial statements of foreign operations of Baht 27 million, Offset by
- Dividends to owners of the Company of Baht 438 million.

With higher net borrowings and shareholders' equity for the nine-month period ended 30 September 2013, the ratio of net borrowings to equity at the end of Q3/2013 was 0.56x, up from 0.50x at the end of 2012.

### **Cash flow**

*Net cash flow provided by operating activities* for 9M/2013 was Baht 2,257 million, down by Baht 284 million or 11.2% from Baht 2,541 million in 9M/2012, due mainly to higher payments from changes in operating assets and liabilities, offset by operational improvement for 9M/2013.

*Net cash flow used in investing activities* for 9M/2013 was Baht 948 million, most of which were the payments for property and equipment for the satellite business. For 9M/2012, net cash flow used in investing activities was Baht 1,554 million.

*Net cash flow provided by financing activities* for 9M/2013 was Baht 280 million mainly comprising of proceeds from long-term borrowings for the Thaicom 6 project, offset by dividends paid to owners of the Company, DTV's repayments of long-term borrowings, and interest payments most of which were debenture interests. For 9M/2012, net cash flow provided by financing activities was Baht 229 million.

The Company had ending cash of Baht 3,843 million on 30 September 2013.

This document contains certain forward-looking statements. They refer to future events and to the future financial performance of the Companies. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue." Although the Companies believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.