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## I. Overview

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Thaicom Public Company Limited (the Company)'s revenue from sale of goods and rendering of services for 2014 totaled Baht 10,004 million, up by Baht 2,108 million or 26.7% from Baht 7,896 million for 2013. The revenue growth mainly contributed from revenues from the satellite business, telephone and Internet businesses in Lao PDR, and the media business, together with the efficiency of cost control. As a result, an operating profit (EBIT) for 2014 was Baht 2,295 million, up by Baht 633 million or 38.1% from Baht 1,662 million in 2013, and total cost accounted for 58.5% of total sales and service income for 2014, down from 59.5% in 2013.

The Company generated a normalized net profit of Baht 1,832 million or Baht 1.67 per share in 2014, an increase of Baht 704 million or 62.4% from Baht 1,128 million or Baht 1.03 per share in 2013, as a result of the revenue growth and the efficiency of cost control. However, in Q3/2014, CS Loxinfo Public Company Limited ("CSL") recognized impairment loss for goodwill of Teleinfo Media Public Company Limited ("TMC"), CSL's subsidiary, amounting to Baht 550 million due to a decline of voice info services and mobile content business. CSL decided to realize full amount of loss in TMC investment, of which the Company recognized the loss of Baht 231 million proportionately. As a result, the Company had a net profit of Baht 1,601 million or Baht 1.46 per share for 2014, up by Baht 473 million or 41.9% from 2013.

In the separate financial statements, the Company had revenue from sale of goods and rendering of services for 2014 of Baht 6,990 million, an increase of Baht 1,247 million or 21.7%, compared to Baht 5,734 million in 2013. The Company had a net profit of Baht 1,018 million or Baht 0.93 per share, up by Baht 216 million or 26.9%, compared to Baht 802 million or Baht 0.73 per share in 2013.

At the Annual General Meeting of the shareholders of Lao Telecommunications Company Limited ("LTC") held on 9 February 2015, the shareholders approved the appropriation of dividend from 2014 operation amounting to USD 18 million.

At the meeting of the Board of Directors of CSL held on 10 February 2015, the directors approved the appropriation of dividend from operation of Baht 0.57 per share, amounting to Baht 339 million. CSL has paid an interim dividend of Baht 0.41 per share or a total of about Baht 244 Million, the remaining dividend for 2014 is Baht 0.16 per share or a total of about Baht 95 Million. However, the proposed dividend must be approved by the shareholders at their meeting.

At the Board of directors' meeting of the Company held on 11 February 2015, the directors passed a resolution to approve the appropriation of dividend of Baht 0.65 per share, amounting to Baht 712 million. The proposed dividend must be approved by the shareholders at their meeting.

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## II. Business Summary

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

In 2014, the Company successfully launched 2 satellites into orbit. The Thaicom 6 satellite was launched at the 78.5 degrees East on 6 January 2014 (Local Time, USA), carrying the Ku-band payload's 8 transponders which cover Thailand and Indochina and 18 C-band transponders which cover Southeast Asia and Africa Region. The Thaicom 7 satellite was launched at the 120 degrees East on 7 September 2014. The Thaicom 7 satellite, with its 14 C-band transponders, provides services via its regional beam in South Asia, Indochina, Australia and New Zealand, and started to generate revenue in November 2014.

For the Thaicom 8 satellite, the Company plans to launch into the orbit at the 78.5 degrees East within 1H/2016. This satellite is beneficial for Thailand in the future in terms of supporting adequate capacity to serve demand for satellite services, the Ultra-HD technology, and the growth of Thailand's broadcasting industry, with its 24 Ku-band transponders to cover Thailand, South Asia and Africa.

On 29 September 2014, the Company issued Senior Debentures of 5-year, coupon rate of 4.28% per annum, and 7-year, coupon rate of 4.68% per annum, in the total amount of Baht 4,550 million. The main purposes of these debentures were for the Thaicom 7 satellite's investment, following by the investment in the Thaicom 8 Satellite Project. Tris Rating Co., Ltd. had confirmed the company's credit rating at "A", with "stable" outlook. On 11 December 2014, the Company led by Ms. Suphajee Suthumpun, the Chairman of the Executive Committee and CEO, had signed the syndicated loan with

Bangkok Bank Public Company Limited and Kasikorn Bank Public Company Limited for the Thaicom 8 Satellite Project. This is the second satellite project to be financed by local commercial banks structured similarly to that of foreign Export Credit Agencies (ECA). Thaicom 6 satellite was the first project success in 2012, that was beneficial for Thai economy.

In 2014, the Company successfully launched the broadband services as the “End-to-End Solutions” strategy under the concept “Mobility Service” to cover for all air, land, and sea vehicles. IPSTAR Japan Company Limited (“IPJ”), a wholly-owned subsidiary of the Company, launched a maritime broadband service for vessels to Ocean Trans Co., Ltd, one of a leading shipping company. IPJ served IPSTAR broadband service to provide email and Internet connection while at sea. In addition, the Company and Nok Airlines Public Company Limited jointly operated commercial In-Flight Connectivity services to provide high-speed broadband Internet service in the airplane, which was the first time in the Asia Pacific.

IPSTAR Australia Pty Limited (“IPA”), a Company’s subsidiary and an Australia’s broadband satellite services provider, has continuously grown during 2014 as a result from acquiring Orion Satellite Systems Pty Limited (“OSS”) on 7 February 2014, in order to expand the investment and opportunity to the business. IPA also continued to operate and expand under Australian Government’s National Broadband Network (NBN) Scheme.

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

In 2014, LTC has maintained its satisfactorily service quality and telephone network, and also continued to promote marketing activities. These, together with the growth in telephone and Internet access businesses in Lao PDR, resulting in the mobile phone subscribers of 1,712,506 at the end of 2014, increased from 1,487,256 at the end of 2013. Among 4 mobile operators in Lao PDR, LTC still ranks No.1 with 46.93% market share, increased from 42.45.% from that of previous year. In addition, LTC’s Internet subscribers, especially HSPA and CDMA Fixed Wireless, have continuously increased.

In 2014, ICT Business has continuously grown from previous year especially in Internet Data Center (IDC) service, ICT Solution services, and Cloud Computing. CSL has invested in a new Internet Data Center Building, namely THE CLOUD DATA CENTER. It is fully equipped with state-of-the-art technology and safety systems that meet international standards and are designed to serve state organizations, commercial banks, online content providers, media and telecommunications companies as well as the industrial sector. The Cloud Data Center was officially launched in 3Q/2014 and gain a good response from customers.

#### ***Media business***

The total DTV satellite television dish sets sold by DTV Service Co., Ltd. (DTV) up until the end of 2014 was 1,581,648 sets, increasing by 115,532 sets from 1,466,116 sets as of the end of 2013. This increase was resulted from the collaboration with True Visions and the growth of Thailand’s broadcasting industry toward High Definition technology. Price competition in satellite receivers business caused the price’s drop significantly. DTV accordingly adjusted sale price and developed new products to serve customer’s satisfaction.

### III. Consolidated Operating Results

#### Selected financial information on THCOM

Unit: MBt	Amount		Change YoY (%)
	2014	2013 (Restated)	
Revenue from sale of goods and rendering of services	10,004	7,896	26.7%
Cost of sale of goods and rendering of services	5,852	4,695	24.6%
SG&A expenses	1,857	1,539	20.7%
EBIT from continuing operations*	2,295	1,662	38.1%
EBITDA from continuing operations **	4,969	3,740	32.9%
Share of profits of associate	(63)	195	(132.3%)
Reversal of impairment (impairment losses) on non-current assets held for sale	-	-	
Profit (loss) from continuing operations	1,601	1,179	35.8%
Profit (Loss) from discontinued operation, net of income tax	-	(51)	
Net profit (loss)	1,601	1,128	41.9%
EPS (Baht)	1.46	1.03	41.7%
Normalized net profit (loss)***	1,832	1,128	62.4%
Normalized net profit (loss) per share	1.67	1.03	62.3%

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

\*\* EBITDA = EBIT + Depreciation and Amortization

\*\*\* Normalized net profit (loss) = Normalized net profit (loss) + impairment loss for goodwill from TMC amount Baht 231million

#### Revenue from sale of goods and rendering of services

Consolidated revenue from sale of goods and rendering of services in 2014 was Baht 10,004 million, an increase of Baht 2,108 million or 26.7% compared to Baht 7,896 million in 2013 due to increases in revenue from its satellite business, telephone and Internet businesses in Lao PDR, and media business.

Revenue from sale of goods and rendering of services	2014	2013 (Restated)	%YoY
Satellite and related services	8,784	6,964	26.1%
Telephone and Internet access services*	1,076	837	28.6%
Media services**	216	192	12.5%
Consolidation eliminations	(72)	(97)	(25.8%)
<b>Total</b>	<b>10,004</b>	<b>7,896</b>	<b>26.7%</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 2014 was Baht 8,784 million, a rise of Baht 1,820 million or 26.1% compared to Baht 6,964 million in 2013, contributed by Thaicom conventional satellite service and IPSTAR bandwidth leasing service.

Satellite and related services	2014	2013 (Restated)	%YoY
Conventional*	4,473	3,394	31.8%
IPSTAR	4,311	3,570	20.8%
Sales	391	243	60.9%
Services	3,920	3,327	17.8%
<b>Total</b>	<b>8,784</b>	<b>6,964</b>	<b>26.1%</b>

\* Include the Thaicom 5 6 and 7 satellites 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 2014 was Baht 4,473 million, up by Baht 1,079 million or 31.8% from Baht 3,394 million in 2013, due mainly to:
  - Revenue growth from satellite transponder leasing service following the growing demands of Thailand's broadcasters especially the Thaicom 6's leasing service which commenced broadcasting services since February 2014, and also the Thaicom 7's revenue recognition starting in December 2014. The growth number of satellite TV channels at 78.5 degrees East as at the end of 2014 was 702 channels (592 SD and 110 HD channels), increased from 641 channels (567 SD and 74 HD channels) as at the end of 2013,
  - Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression.
- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 4,311 million in 2014, up by Baht 741 million or 20.8% from Baht 3,570 million in 2013. This was contributed by:
  - Service revenue growth of Baht 593 million or 17.8%, mainly driven by bandwidth leasing service in most countries, e.g. Thailand, China, India, Malaysia, New Zealand, Philippine, and Indonesia, together with share of service revenue from China and service revenue from OSS, and
  - Sales revenue up of Baht 148 million or 60.9%, due mainly to sales of equipment for installation of satellite application network to a telecommunications service provider in Japan, an increase in user terminal (UT) sale in Australia, together with the installation revenue for in-flight connectivity services with Nok Airlines Public Company Limited in Thailand.

Telephone and Internet access services

The Company's revenue from telephone and Internet services in Lao PDR in 2014 was Baht 1,076 million, up by Baht 239 million or 28.6% compared to Baht 837 million in 2013. The revenue growth was mainly contributed by increases in;

- Revenue from prepaid and postpaid mobile phone services, resulting from higher mobile phone subscriber base of both services and higher average revenue per subscriber (ARPU) of prepaid service,
- Revenue from sale of SIM card and fixed wireless handset,
- Revenue from CDMA fixed wireless service, following an significant increase in subscriber base and higher average revenue per subscriber (ARPU), and
- Revenue from Internet access services, following an increase in the number of subscribers and higher average revenue per subscriber (ARPU).

Media services

Revenue from media services in 2014 was Baht 216 million, up by Baht 24 million or 12.5% from Baht 192 million in 2013. This was due mainly to revenue increase in sale of DTV satellite dish sets and HD boxes, following higher sales volume in Thailand and Cambodia.

### Cost of sale of goods and rendering of services

The Company reported consolidated cost of sale of goods and rendering of services for 2014 of Baht 5,852 million, an increase of Baht 1,157 million or 24.6% compared to Baht 4,695 million in 2013, due to increases in cost from its satellite business, telephone and Internet businesses in Lao PDR, and media business. Total cost accounted for 58.5% of total sales and service income for 2014, down from 59.5% in 2013.

Cost of sale of goods and rendering of services	2014	2013 (Restated)	%YoY
Satellite and related services	5,140	4,050	26.9%
Telephone and Internet access services*	552	518	6.6%
Media services**	205	175	17.1%
Consolidation eliminations	(45)	(48)	(6.3%)
<b>Total</b>	<b>5,852</b>	<b>4,695</b>	<b>24.6%</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 2014 was Baht 5,140 million, an increase of Baht 1,090 million or 26.9% from Baht 4,050 million in 2013, due to an increase in both cost relating to conventional satellite business and IPSTAR business.

Satellite and related services	2014	2013 (Restated)	%YoY
Conventional*	2,348	1,524	54.1%
IPSTAR	2,792	2,526	10.5%
<b>Total</b>	<b>5,140</b>	<b>4,050</b>	<b>26.9%</b>

\* Include the Thaicom 5 6 and 7 satellites 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 for 2014 was Baht 2,348 million, up by Baht 824 million or 54.1% from Baht 1,524 million in 2013 which accounted for 52.5% of revenue from conventional satellite business, up from 44.9% in 2013, mainly caused by:
  - Higher operating fee under Agreement for Operation of Domestic Communication Satellites (concession agreement) to Ministry of Information and Communication Technology following the revenue growth from the Thaicom 5 and 6 satellites, and operating fee under Telecom Operation License to the National Broadcasting and Telecommunications Commission following the revenue from the Thaicom 7 satellites, and
  - Depreciation cost for an increase in assets of the Thaicom 6 and 7 satellites, net with a decrease in existing depreciation cost and transponder rental from acquiring an interim satellite to provide services at 78.5 degrees East orbital slot ahead of the launch of the Thaicom 6 satellite.
- Cost relating to the Thaicom 4 (IPSTAR) satellite was Baht 2,792 million, up by Baht 266 million or 10.5% from Baht 2,526 million in 2013, primarily due to
  - Higher operating fee under Agreement for Operation of Domestic Communication Satellites (concession agreement) to Ministry of Information and Communication Technology following the IPSTAR bandwidth revenue growth,
  - Cost relating to OSS's satellite communication services and higher cost of user terminal (UT) sales growth in Australia, and
  - Cost relating to installation for in-flight connectivity with Nok Airlines Public Company Limited.

Cost of telephone and Internet access services

Cost relating to the telephone and Internet businesses in Lao PDR for 2014 amounted to Baht 552 million, an increase of Baht 34 million or 6.6% from Baht 518 million in 2013, due mainly to increases in:

- Cost of interconnection charge and international sharing charge following the revenue growth, and
- Cost of sale of SIM card and fixed wireless handset following the sale growth.

Cost of media services

Cost relating to media business in 2014 was Baht 205 million, up by Baht 30 million or 17.1% from Baht 175 million in 2013, which was due to an increase in cost of sales of DTV satellite dish sets and IRD boxes following the revenue increase, and a decrease of selling price to be in line with the market price.

**Selling and administrative expenses**

SG&A expenses, including directors and management benefit expenses, totaled Baht 1,857 million in 2014, an increase of Baht 318 million or 20.7% from Baht 1,539 million in 2013, due mainly to:

- An increase in staff expenses following the business expansion
- An increase in marketing expenses for the telephone and Internet businesses in Lao PDR and media business ,
- An increase in provision for obsolete inventory for the media business, Offset by
- A decrease in provision for doubtful debts for the satellite business.

**Gain (Loss) on exchange rate**

In 2014, the Company reported a gain on foreign exchange of Baht 59 million. This was impacted by the revaluation of borrowings for the Thaicom 6 project and revenues from subsidiaries in term of foreign currency as a result of the appreciation of the Thai Baht against the US dollar compared to 2013.

**Finance costs**

Finance costs totaled Baht 381 million in 2014, up by Baht 116 million, or 43.8%, compared with Baht 265 million in 2013. This was because of interests on long term loans for the Thaicom 6 and 8 satellites and the debentures for the Thaicom 7 satellite and partially for the Thaicom 8 satellite.

**Share of loss of associates**

Share of loss of associates in 2014 was Baht 63 million, down by Baht 258 million or 132.3% from a profit of Baht 195 million in 2013, due mainly to:

- TMC, CSL's subsidiary, impairment loss for goodwill amounting to Baht 550 million caused sharing of Baht 231 million to the Company,
- Lower profit from continuing operation from voice info services and mobile content business, and
- An extraordinary gain (net of corporate income tax) of Baht 23 million recognized in 2013 resulting from the settlement of old promotion/discount for the internet network rental fee from its supplier, while there was not such transaction in 2014 (Please see details in the Management's Discussion and Analysis disclosed by CSL).

**Income tax expense**

In 2014, the Company reported income tax expense of Baht 450 million, up by Baht 111 million or 32.7% from Baht 339 million in 2013.

**Profit (loss) from normalized operation**

The Company reported a normalized net profit of Baht 1,832 million (Baht 1.67 per share), up by Baht 704 million or 62.4% from Baht 1,128 million (Baht 1.03 per share) in 2013, due to higher revenue and cost management.

**Net profit (loss)**

In 3Q/2014, the Company recognized share of TMC impairment loss of Baht 231 million proportionately. As a result, the Company's net profit for 2014 amounted to Baht 1,601 million (Baht 1.46 per share) which still increased of Baht 473 million or 41.9% from 2013.

**IV. Financial Position**

At the end of 2014, the Company reported total assets of Baht 30,975 million, an increase of Baht 3,601 million or 13.2% from Baht 27,374 million at the end of 2013. This was mainly because of:

- Higher cash and cash equivalents, current investments which were short-term deposits at financial institutions, cash received from new debentures amounted to Baht 4,550 million, offset with the debentures redemption amounted to Baht 3,700 million,
- Additional PP&E mostly for the satellite business and the telephone business in Lao PDR, investment in the Thaicom 6 7 and 8 projects,  
Offset with
- A decrease in investments in associate due to TMC impairment loss.

THCOM's asset components

Assets	December 31, 2014		December 31, 2013 (Restated)	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	6,362	20.5%	5,481	20.0%
Investment in associates	234	0.8%	487	1.8%
PP&E, net	9,093	29.4%	3,163	11.6%
Intangible assets under operating agreement	13,249	42.8%	15,042	54.9%

**Trade and other accounts receivable**

As of 31 December 2014, the Company had net trade accounts receivable and accrued income of Baht 1,368 million (2013: Baht 1,195 million), accounting for 4.4% of total assets, comprising of receivable from other parties and related parties which represented 93% and 7% of total trade accounts receivable and accrued income, respectively. The average collection period was 46 days in 2014, lower than 51 days in 2013 (normal collection period of the Company was 30-60 days). As of 31 December 2014 the Company had an allowance for doubtful accounts of Baht 201 million (2013: Baht 201 million) or 18.6% of total trade accounts receivable, slightly increased from 18.4% as of 31 December 2013.

**Liquidity**

As at the end of 2014, the Company had a current ratio of 1.78x, up from 0.83x as at the end of 2013 due mainly to a decrease in current portion of long-term loans from the debentures redemption, long-term borrowings and interests for the Thaicom 6 satellite, increases in cash and cash equivalents, current investments, and net trade accounts receivable and accrued income.

### **Investments in associate**

As at the end of 2014, the Company's investment in CSL totaled Baht 234 million, a decrease of Baht 253 million or 52.0% from Baht 487 million as at the end of 2013, reflecting a proportionate recognition of CSL's net profit for 2014 amounting to Baht 63 million, offset by a dividend income from CSL of Baht 190 million.

### **Property, plant and equipment**

Property, Plant and Equipment (PP&E) at the end of 2014 was Baht 9,093 million, an increase of Baht 5,930 million or 187.5% from Baht 3,163 million at the end of 2013, due mainly to

- An increase in PP&E from Thaicom 6 and 7 satellites,
- An increase in PP&E under construction from the Thaicom 8 Satellite Project,
- Additional assets for the satellite business and the telephone business in Lao PDR,  
Offset by
- Accumulated depreciation and amortization of PP&E in 2014.

### **Intangible assets under operating agreement**

PP&E under operating agreement at the end of 2014 was Baht 13,249 million, a decrease of Baht 1,793 million or 11.9% from Baht 15,042 million at the end of 2013 due to depreciation expenses in 2014.

### **Borrowings and Shareholders' equity**

The Company's net borrowings at the end of 2014 were Baht 10,656 million, an increase of Baht 2,284 million or 27.3% from Baht 8,372 million at the end of 2013, mainly attributable to:

- Debentures for the Thaicom 7 satellite and partially for the Thaicom 8 satellite,
- Short-term loans from financial institutions for the Thaicom 8 satellite project,  
Offset by
- Scheduled repayment of long-term borrowings for the Thaicom 6 satellite and debentures redemption

The Company's shareholders' equity as at the end of 2014 was Baht 16,926 million, an increase of Baht 1,345 million or 8.6% from Baht 15,581 million as at the end of 2013, reflecting:

- Net profit for 2014 of Baht 1,601 million,  
Offset by
- Dividends to owners of the Company of Baht 493 million.

With higher net borrowings and shareholders' equity for the year ended 31 December 2014, the ratio of net borrowings to equity at the end of 2014 was 0.63x, up from 0.54x as at the end of 2013.

### **Cash flow**

*Net cash flow from operating activities* for 2014 was Baht 4,876 million, up by Baht 952 million or 24.3% from Baht 3,924 million in 2013, due mainly to:

- The significant growth in profit from operation for 2014.

*Net cash flow from investing activities* for 2014 was Baht 5,908 million, an increase by Baht 1,847 million from Baht 4,061 million in 2013, most of which were:

- Investment in asset of the Thaicom 6, 7, 8 satellites, and
- Payments for property and equipment for the telephone business in Lao PDR.

*Net cash flow provided by financing activities* for 2014 was Baht 1,440 million mainly comprising of:

- Debentures for the Thaicom 7 satellite and partially for the Thaicom 8 satellite,
- Short-term loans from financial institutions for the Thaicom 8 satellite project,

*Offset by*

- Scheduled repayment of long-term borrowings for the Thaicom 6 satellite and debentures redemption.

For 2013, net cash flow provided by financing activities was Baht 225 million.

The Company had ending cash of Baht 2,565 million as at 31 December 2014.

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.