
I. Overview

Performance overview

Thaicom Plc ("the Company")'s consolidated revenue from sales of goods and rendering of services for Q1/2016 totaled Baht 3,210 million, up by Baht 136 million or 4.4% from Baht 3,074 million for Q1/2015. The revenue growth, mainly contributed by revenues from both satellite business and Internet and media businesses, together with the efficiency of cost and expenses control, resulted in an operating profit (EBIT) for Q1/2016 of Baht 820 million, up by Baht 166 million or 25.4% from Baht 654 million for Q1/2015.

The Company reported a consolidated net profit (attributable to owner of the Company) of Baht 700 million or Baht 0.64 per share for Q1/2016, an increase of Baht 160 million or 29.6% from Baht 540 million or Baht 0.49 per share for Q1/2015. In the separate financial statements, the Company had a net profit of Baht 501 million or Baht 0.46 per share for Q1/2016, up by Baht 199 million or 65.9% from Baht 302 million or Baht 0.28 per share for Q1/2015.

II. Business Summary

Satellite and related business

In 2016, the Company continues to strengthen the "Hot Bird" strategy for conventional satellite business, positioning at 78.5 degrees East as "Hot Bird", or satellites in high demand based on the number of subscribers and number of channels on the platform. For broadband satellite business, the Company will continue strategy to identify broadband satellite market segments into Telco Backhaul and Enterprise, Government and Mobility in order to satisfy their needs precisely.

For Africa market, the Company started to provide a new solution, "Managed Services", by the Thaicom 6 Satellite, which was designed especially for Africa Region service providers, and would efficiently provide End-to-End solution for high-speed Internet customers in Africa.

On 4 April 2016, the Company had signed a long-term contract with Forever Group, Myanmar's leading media company and DTH operator, for 5 additional transponders from the existing 3 on the Thaicom satellite platform. The contract is a major milestone in increasing the utilization rate for the Company, and it was in line with the Company business plan which aimed to provide the satellite capacity in order to serve the fast growth to Asian broadcast and media industries.

Internet and media business

CS Loxinfo Plc (CSL) has continuously increased on the number of subscribers of ICT business. As at the end of Q1/2016, the number of subscribers for corporate leased lines and Internet Data Center (IDC), has grown 4.2% and 14.6% from Q1/2015, respectively. In addition, CSL has expanded in ADSL for Condominium, and the number of subscribers has grown 388.8% from Q1/2015.

Sales of satellite receiver sets in Cambodia by Cambodian DTV Network Ltd. (CDN) has also grown continuously from the growing demand of broadcasting services especially in the HD channels and Cambodian-language channels.

Telephone business abroad

As of the end of Q1/2016, Lao Telecommunications Co., Ltd. (LTC) had total phone subscribers of 1,951,958, increased from 1,769,834 as at the end of Q1/2015, and ranks No.1 with 52.3% mobile's market share, up from 47.5% as at the end Q1/2015. The revenue also continued to increase especially data business from both mobile and fixed broadband and also Internet SIM.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount			Change	
	Q1/2016	Q4/2015	Q1/2015	%QoQ	%YoY
Revenue from sales of goods and rendering of services	3,210	3,294	3,074	-2.6%	4.4%
Cost of sales of goods and rendering of services	1,794	1,914	1,859	-6.3%	-3.5%
SG&A expenses	596	521	561	14.4%	6.2%
EBIT from continuing operations*	820	859	654	-4.5%	25.4%
EBITDA from continuing operations **	1,503	1,554	1,343	-3.3%	11.9%
Share of profit of investment in joint venture	41	83	46	-50.6%	-10.9%
Profit for the period	749	783	588	-4.3%	27.4%
Profit attributable to: non-controlling interest	49	39	48	25.6%	2.1%
Profit attributable to: owner of the Company	700	745	540	-6.0%	29.6%
Earnings per share (Baht)	0.64	0.68	0.49	-5.8%	30.6%
Other extraordinary items***	83	3	52	2,666.7%	59.6%
Normalized profit***	617	742	488	-16.8%	26.4%
Normalized profit per share (Baht)	0.56	0.68	0.45	-16.8%	26.4%

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

** EBITDA = EBIT + Depreciation and Amortization

*** Normalized net profit = Net profit to owner of the Company excludes extraordinary items, which are net gain (loss) from foreign exchange and gain (loss) from selling of investment (Others extraordinary items are net after tax)

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q1/2016 was Baht 3,210 million, an increase of Baht 136 million or 4.4% from Baht 3,074 million for Q1/2015, due to the increase of revenue from both satellite and Internet and media businesses. Compared to Q4/2015, the consolidated revenue decreased by Baht 84 million or 2.6% from Baht 3,294 million, contributed by decreasing of revenue from satellite business.

Revenue from sales of goods and rendering of services	Q1/16	Q4/15	Q1/15	%QoQ	%YoY
Satellite and related services	2,394	2,486	2,309	-3.7%	3.7%
Internet and media services*	840	833	782	0.8%	7.4%
Consolidation eliminations	(24)	(25)	(17)	-4.0%	41.2%
Total	3,210	3,294	3,074	-2.6%	4.4%

* Include revenue from sales and services generated by DTV Service Co., Ltd. (DTV), CDN, and CSL

Satellite and related services

Revenue from satellite related services for Q1/2016 was Baht 2,394 million, an increase of Baht 85 million or 3.7% from Baht 2,309 million for Q1/2015, contributed by an increase in Thaicom 4 Broadband sales revenue. However, the revenue decreased Baht 92 million or 3.7% compared to Baht 2,486 million for Q4/2015 from conventional satellite services.

Satellite and related services	Q1/16	Q4/15	Q1/15	%QoQ	%YoY
Conventional*	1,272	1,366	1,280	-6.9%	-0.6%
Thaicom 4 Broadband	1,122	1,120	1,029	0.2%	9.0%
Services	959	986	958	-2.7%	0.1%
Sales	163	134	71	21.6%	129.6%
Total	2,394	2,486	2,309	-3.7%	3.7%

* Include the Thaicom 5 6 and 7 satellites

- Revenue from the Thaicom conventional satellite business for Q1/2016 was Baht 1,272 million, slightly dropped by Baht 8 million or 0.6% from Baht 1,280 million for Q1/2015, due mainly to:
 - Decrease of sales revenue from satellite equipment to broadcasting satellite operators which incurred occasionally based on customer's demand, offset with,
 - Transponder revenue increase from the Thaicom 7 Satellite due to an increase in utilization.
 Compared to the previous quarter, the revenue from the Thaicom conventional satellite business decreased Baht 94 million or 6.9% from Baht 1,366 million, due mainly to the extra revenue recognition in Q4/2015.
- Revenue from the Thaicom 4 Broadband Satellite business was Baht 1,122 million for Q1/2016, up by Baht 93 million or 9.0% from Baht 1,029 million for Q1/2015. This was contributed by:
 - Revenue from sales growth due to sales of satellite broadband equipment to a mobile operator in Japan.
 Compared to Q4/2015, the revenue from the Thaicom 4 Broadband Satellite business increased Baht 2 million or 0.2% from Baht 1,120 million, mainly driven by:
 - Revenue from sales growth due to higher sales from satellite broadband equipment to a mobile operator in Japan, offset with
 - Drop of revenue from occasional sales and revenue from services due to price adjustment to reflect market price for some customers according to new contracts.

Internet and media services

The Company's revenue from Internet and media services for Q1/2016 was Baht 840 million, up by Baht 58 million or 7.4% compared to Baht 782 million for Q1/2015. The revenue growth was mainly contributed by:

- The increase of sales revenue from CDN by Baht 53 million or 186.2% from higher sales of satellite receiver sets,
- Revenue increase in ICT business from CSL, up by Baht 13 million or 2.3% due mainly to the growth of Internet Data Center (IDC) services, offset with
- Revenue decrease in Voice Info Services and Mobile Content business amounted to Baht 7 million or 6.3% compared to Q1/2015.

To compared with the previous quarter, the revenue from Internet and media services for Q1/2016 increased by Baht 7 million or 0.8% from Baht 833 million. This was due mainly to:

- The increase of ICT business by Baht 14 million or 2.5%,
- Revenue increase in Voice Info Services and Mobile Content business by Baht 7 million or 7.2% after continued to develop products and new contents in order to pursue consumers, offset with
- The decrease of sales revenue from CDN by Baht 16 million or 16.3% from lower sales of satellite receiver sets.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q1/2016 of Baht 1,794 million, a decrease of Baht 65 million or 3.5% compared to Baht 1,859 million for Q1/2015, due to the decrease in cost from its satellite business, offset with the increase in cost from Internet and media businesses. To compare with the previous quarter, the cost of sales of goods and rendering of services for Q1/2016 decreased by Baht 120 million or 6.3% from Baht 1,914 million from the decrease in both satellite business and Internet and media businesses.

Cost of sales of goods and rendering of services	Q1/16	Q4/15	Q1/15	%QoQ	%YoY
Satellite and related services	1,286	1,368	1,384	-6.0%	-7.1%
Internet and media businesses*	531	563	491	-5.7%	8.1%
Consolidation eliminations	(23)	(17)	(16)	35.3%	43.8%
Total	1,794	1,914	1,859	-6.3%	-3.5%

* Include cost from sales and services generated by DTV, CDN, and CSL

Cost of satellite and related services

Cost relating to satellite and related services for Q1/2016 was Baht 1,286 million, a decrease of Baht 98 million or 7.1% from Baht 1,384 million for Q1/2015, due to the decrease in cost relating to conventional satellite business, offset with higher cost of Thaicom 4 Broadband business.

Compared to Baht 1,368 million for Q4/2015, cost relating to satellite and related services for Q1/2016 decreased by Baht 82 million or 6.0%, due to the decreases of both cost relating to the conventional satellite business and the Thaicom 4 Broadband business.

Satellite and related services	Q1/16	Q4/15	Q1/15	%QoQ	%YoY
Conventional*	574	636	713	-9.7%	-19.5%
Thaicom 4 Broadband	712	732	671	-2.7%	6.1%
Total	1,286	1,368	1,384	-6.0%	-7.1%

* Include the Thaicom 5 6 and 7 satellites

- Cost relating to the conventional satellite business was Baht 574 million for Q1/2016, down by Baht 139 million or 19.5% from Baht 713 million for Q1/2015, mainly caused by:
 - Lower cost of satellite equipment to broadcasting satellite operators which generated lower gross margin than that of the services,
 - The decrease of operating cost due to an efficiency in cost management, offset with
 - Higher operating fee under Telecom Operation License to the National Broadcasting and Telecommunications Commission (NBTC) following the increase in revenue from the Thaicom 7 satellites.

Compared to Baht 636 million for Q4/2015, cost relating to the conventional satellite business for Q1/2016 was lower by Baht 62 million or 9.7%, due mainly from:

- Lower operating fee under Telecom Operation License to NBTC following the decrease in revenue from the Thaicom 7 satellites due to extra revenue recognition in Q4/2015, and
- The decrease of operating costs.
- Cost relating to the Thaicom 4 Broadband Satellite business was Baht 712 million, up by Baht 41 million or 6.1% from Baht 671 million for Q1/2015, primarily due to:
 - The increase of cost of equipment following an increase of equipment sales, offset by,
 - Lower depreciation cost, resulting from the increase of fully-depreciated assets.

Compared to Baht 732 million for Q4/2015, cost relating to the Thaicom 4 Broadband Satellite business for Q1/2016 was dropped by Baht 20 million or 2.7%, due to a decrease in operating cost and depreciation cost.

Cost of Internet and media services

Cost relating to the Internet and media services for Q1/2016 amounted to Baht 531 million, an increase of Baht 40 million or 8.1% from Baht 491 million for Q1/2015, due mainly to the increase of:

- Cost of CDN's sales of Baht 37 million or 153.6% following the increase of sales of satellite receiver sets, and
- Cost of Voice Info Services & Mobile Content Business amounted to Baht 8 million or 12.1%. This was resulted from higher revenue share to content providers, offset with
- Lower cost of ICT business of Baht 9 million or 2.4% from an efficient in Internet network cost management.

Compared to Q4/2015, the cost relating to Internet and media services was down by Baht 32 million or 5.7% from Baht 563 million, due mainly to:

- A decrease in cost of CDN's sales of Baht 16 million or 20.9% following lower sales revenue, together with additional license activation cost in Q4/2015 amounting to Baht 7 million,
- A decrease in cost of DTV's sales of Baht 21 million or 65.6%, due to sales promotion for satellite receiver sets in Q4/2015, while Q1/2016, most revenue was from the system integration for customers which generated higher margin. As a result, the total cost of sales and services for DTV decreased in this quarter.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 596 million for Q1/2016, an increase of Baht 35 million or 6.2% from Baht 561 million for Q1/2015, due mainly to:

- An increase in provision for doubtful debts for the satellite business mainly resulting from the additional provision recorded according to conservative basis for a customer under rehabilitation, amounting to Baht 84 million,
Offset by
- A decrease in staff expenses for both the satellite business and Internet and media businesses,
- A decrease in marketing expenses for both the satellite business and Internet and media businesses.

Compared to Baht 521 million for Q4/2015, SG&A expenses for Q1/2016 up by Baht 75 million or 14.4%, mainly caused by:

- An increase in provision for doubtful debts for the satellite business from a customer under rehabilitation amounting to Baht 84 million,
Offset by
- A decrease in staff expenses for both the satellite business and Internet and media businesses,
- A decrease in marketing expenses for both the satellite business and Internet and media businesses,
- A decrease in provision for doubtful debts for Internet and media businesses.

Gain on exchange rate

In Q1/2016, the Company reported a gain on foreign exchange of Baht 114 million. This was largely impacted by the revaluation of borrowings for the Thaicom 6 and 8 projects and for Shenington Investments Pte Ltd (SHEN) to support LTC's business as a result of the appreciation of the Thai Baht against the US Dollar.

Finance costs

Finance costs totaled Baht 70 million for Q1/2016, down by Baht 12 million or 14.6% from Baht 82 million for Q1/2015, due to

- The decrease of the Thaicom 6 project loan principal,
- The decrease of average interest rate as a result of refinancing the Thaicom 6 project loan in order to optimize financing cost, offset with
- The increase of short-term loans to support LTC's concession extension fee.

Share of profit of investment in joint venture

Share of profit of investment in joint venture in telephone business for Q1/2016 was Baht 41 million, down by Baht 5 million or 10.9% from Baht 46 million for Q1/2015. This was contributed by:

- An increase of withholding tax for higher dividend received from LTC, which increased from USD 18 million in 2015 (SHEN received USD 8.82 million) to be USD 22 million in 2016 (SHEN received USD 10.78 million),
- Higher finance cost from the borrowing for LTC's concession extension fee, offset by
- An increase in operating result from LTC due to higher revenue from data business both of mobile, fixed broadband, and Internet SIM.

Compared to the previous quarter, the Company's share of profit decreased Baht 42 million or 50.6% from Baht 83 million. This was due to higher withholding tax from dividend.

Net profit

The Company reported a profit attributable to owner of the Company of Baht 700 million for Q1/2016, a growth of Baht 160 million or 29.6% from Baht 540 million for Q1/2015. This was mainly contributed by the increase of revenue from both satellite business and Internet and media businesses, together with the efficiency of cost and expense control.

To compare with the previous quarter, the company net profit dropped by Baht 34 million or 4.3% from Baht 745 million, due mainly to the decrease of revenue from conventional satellite business and additional provision for doubtful debts, offset with cost and expense control.

IV. Financial Position

At the end of Q1/2016, the Company reported total assets of Baht 33,956 million, an increase of Baht 364 million or 1.1% from Baht 33,592 million at the end of 2015. This was mainly because of the increase in:

- Cash, cash equivalents, and current investments, mostly were short-term deposits at financial institutions as a result of profit generated from operating activities,
- PP&E, mostly were the additional assets from the Thaicom 8 project, offset by
- Depreciation and amortization of PP&E and intangible assets under operating agreements for Q1/2016.

THCOM's asset components

Assets	March 31, 2016		December 31, 2015	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	8,492	26.3%	8,005	23.8%
Long-term loans to a joint venture	2,111	6.2%	2,162	6.4%
Property, plant and equipment	9,108	26.8%	9,032	26.9%
Intangible assets under operating agreement	10,724	31.6%	11,227	33.4%

Trade accounts receivable and accrued income

As at the end of Q1/2016, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 2,108 million (or 6.2% of total assets), comprising of receivables from other parties and related parties, representing 95% and 5% of total trade accounts receivable and accrued income, respectively.

The Company had an allowance for doubtful accounts of Baht 384 million or 20.6% of total trade accounts receivable, increased from Baht 231 million or 13.0% as at the end of 2015. This was mainly from the provision for doubtful debt for a customer under rehabilitation, amounting to Baht 84 million. Trade and other accounts receivable and accrued income as at the end of Q1/2016 increased by Baht 3 million from the end of 2015.

Liquidity

At the end of Q1/2016, the Company had a current ratio of 1.69x, down from 1.83x at the end of 2015 due mainly to the increase in:

- The Company's dividend payable of Baht 712 million and CSL's dividend payable of Baht 69 million.
- The increase of current portion of long-term loans for the Thaicom 6 and 8 satellites
Offset by,
- An increase in cash, cash equivalents, and current investments from the profit of Q1/2016,

Long-term loans to a joint venture

As at the end of Q1/2016, the Company had long-term loans to a joint venture of Baht 2,111 million, a decrease of Baht 51 million or 2.4% from Baht of 2,162 million as at the end of 2015. This was due to the revaluation of the loan to SHEN, resulting from the appreciation of Thai Baht against US Dollar.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q1/2016 was Baht 9,108 million, an increase of Baht 76 million or 0.8% from Baht 9,032 million at the end of 2015. This was due mainly to

- Additions to PP&E for the assets of the Thaicom 8 project, offset by
- Depreciation and amortization of PP&E in Q1/2016.

Borrowings and Shareholders' equity

The Company's net borrowings at the end of Q1/2016 were Baht 11,588 million, a decrease of Baht 162 million or 1.4% from Baht 11,750 million at the end of 2015, mainly attributable to the impact from the revaluation of borrowing from the appreciation of Thai Baht against US Dollar.

The Company's shareholders' equity at the end of Q1/2016 was Baht 18,026 million, decreasing by Baht 85 million or 0.5% from Baht 18,111 million at the end of 2015, reflecting from declaration of dividends to owners of the Company and CSL of Baht 712 million and Baht 69 million (CSL declared the dividend payment amounting to Baht 119 million, payable proportionately to THCOM of Baht 50 million and others shareholders of Baht 69 million), offset with the net profit for Q1/2016 of Baht 700 million.

As at the end of Q1/2016, with lower the Company's net borrowings, the ratio of net borrowings to equity was 0.64x, down from 0.65x at the end of 2015.

Cash flows

Net cash provided by operating activities for Q1/2016 was Baht 1,201 million, an increase of Baht 334 million or 38.5% from Baht 867 million for Q1/2015, due mainly to an increase in operational profit.

Net cash used in investing activities for Q1/2016 was Baht 618 million, most of which were short-term deposits at financial institutions and the payment for the assets of the Thaicom 8 project.

Net cash used in financing activities for Q1/2016 was Baht 69 million, mainly comprising of interest payment of the loan for the Thaicom 6 and 8 projects.

The Company had ending cash and cash equivalents of Baht 3,917 million as at the end of Q1/2016.

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.