
I. Overview

Performance overview

Thaicom Plc (the Company or THCOM)'s consolidated revenue from sales of goods and rendering of services for Q1/2018 was Baht 1,463 million, increased by 2.8% from Baht 1,463 million for Q4/2017, mainly from the increase of revenue from satellite business. The consolidated net profit (attributable to owner of the Company) was Baht 1,864 million for Q1/2018, significantly increased from the net loss of Baht 3,190 million for Q4/2017 due to the decrease of depreciation according to assets impairment in Q4/2017.

When compared with Q1/2017, the consolidated revenue from sales of goods and rendering of services decreased by 25.5%, mainly contributed by the drop of revenues from satellite business and Internet and media Services, particularly from the decrease of broadband service revenue due to the churn of major customers during Q2 – Q4/2017. The Company recognized the other income from the sale of CS Loxinfo Public Company Limited (CSL)'s share of Baht 1,950 million, therefore, the total revenue for Q1/2018 was Baht 3,497 million, an increase of 62.2% from Baht 2,156 million for Q1/2017. As a result, the Company reported a consolidated net profit (attributable to owner of the Company) of Baht 1,864 million, an increase of 620.4% from Baht 259 million for Q1/2017.

Considering only operating net profit, in Q1/2018 THCOM recognized net loss of Baht 28 million which decrease from Q1/2017, but when compared with the net loss of Baht 520 million for Q4/2017, the operating net profit in Q1/2018 significantly increased from the previous quarter.

II. Business Summary

Satellite and related Services

The sales of CSL's shares to Advanced Wireless Network Company Limited (AWN) was completed in January 2018. THCOM recognized the revenue from CSL before the sale as profit from discontinued operation.

In Q1/2018, the Company signed a multi-year contract on THAICOM 6 broadcast platform with CANAL+ Overseas Myanmar, who partners with Forever Group to expand its international footprint. CANAL+ Group is the leading pay-TV group in France, ranking as the top multi-channel platform and pay-TV distributor in the country. In addition, the Company launched new flagship mobility service for broadband business "Nava maritime service platform" to provide maritime connectivity. The services will address the limits of connectivity at sea that it enables will increase operational efficiency on board and connect crew and passengers to high-speed internet anywhere and anytime.

Internet and media Services

During Q1/2018, THCOM recognized the total share of profit from CSL of Baht 13 million, which was the profit for the period before the sale of CSL's shares. The remaining revenue from Internet and media services was mainly from the sale of satellite set top box and other services operated by Cambodian DTV Network Ltd (CDN) and DTV Services Co., Ltd (DTV).

Telephone business abroad

As of the end of Q1/2018, Lao Telecommunications Co., Ltd. (LTC) had total mobile subscribers (excluded fixed wireless) of 1.56 million subscribers and ranks No.1 with approximately 58% of total mobile's market share, up from 55% as at the end of Q1/2017. LTC's revenue continued to increase mainly due to the increase of revenue from Internet SIM.

III. Consolidated Operating Results

Selected financial information of THCOM

Unit: Baht million	Amount			Changes	
	Q1/2018	Q4/2017	Q1/2017	QoQ (%)	YoY (%)
Revenue from sales of goods and rendering of services	1,504	1,463	2,018	2.8%	-25.5%
Cost of sales of goods and rendering of services	1,001	1,280	1,427	-21.8%	-29.9%
Loss from impairment of assets	-	3,309	-	-100.0%	-
Other SG&A expenses	522	738	377	-29.2%	38.6%
EBIT from continuing operations *	(20)	(3,865)	214	n/a	-109.3%
Depreciation and Amortization	479	726	719	-34.1%	-100.0%
EBITDA from continuing operations **	459	(3,139)	933	n/a	-100.0%
Share of profit of investment in joint venture	33	46	24	-28.4%	34.1%
Other income from the sale of CSL's share	1,950	-	-	-	-
Profit (loss) for the period from continuing operations	1,851	(3,228)	223	n/a	729.9%
Profit (loss) for the period from discontinued operation	30	90	85	-67.0%	-65.0%
Profit (loss) for the period	1,881	(3,138)	308	n/a	511.1%
Profit (loss) attributable to: non-controlling interest	17	52	49	-67.1%	-65.1%
Profit (loss) attributable to owner of the Company	1,864	(3,190)	259	n/a	620.4%
Earnings (loss) per share (Baht)	1.70	(2.91)	0.24	n/a	620.4%
Profit (loss) attributable to owner of the Company, excluding loss from impairment and profit from sale of CSL's share	(28)	(520)	259	n/a	-110.9%

* EBIT = Sales and service income – Cost of sales and service – SG&A (including impairment)

** EBITDA = EBIT + Depreciation and Amortization

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q1/2018 was Baht 1,504 million, a decrease of 25.5% from Baht 2,018 million for Q1/2017, due to the decrease of revenue from both satellite and Internet and media businesses. Compared to Q4/2017, the consolidated revenue increased by 2.8% from Baht 1,463 million, contributed by the increase of revenue from satellite, offsetting with the decrease of revenue from Internet and media businesses.

Revenue from sales of goods and rendering of services	Q1/2018	Q4/2017	Q1/2017	QoQ (%)	YoY (%)
Unit: Baht million					
Satellite and related services	1,462	1,394	1,956	4.9%	-25.3%
Internet and media services*	57	81	94	-29.8%	-39.1%
Consolidation eliminations	(15)	(12)	(32)	21.7%	-52.6%
Total	1,504	1,463	2,018	2.8%	-25.5%

* Include revenue from sales and services generated by DTV, and CDN

Satellite and related services

Revenue from satellite and related services for Q1/2018 was Baht 1,462 million, a decrease of 25.3% from Baht 1,956 million for Q1/2017, contributed by a decrease in both conventional and Thaicom 4 Broadband services. However, the revenue increased 4.9% compared to Baht 1,394 million for Q4/2017 from both conventional and Thaicom 4 Broadband services.

Satellite and related services Unit: Baht million	Q1/2018	Q4/2017	Q1/2017	QoQ (%)	YoY (%)
Conventional*	886	870	981	1.8%	-9.7%
Thaicom 4 Broadband					
Services	535	499	827	7.2%	-35.3%
Sales	41	24	148	68.7%	-72.2%
Total	1,462	1,394	1,956	4.9%	-25.3%

* Include the Thaicom 5 6 7 and 8 satellites

- Revenue from the Thaicom conventional satellites and related services for Q1/2018 was Baht 886 million, dropped by 9.7% from Baht 981 million for Q1/2017 mainly due to the decrease of price per unit sold following market price dropped despite the increase of utilization. However, the revenue for Q1/2018 increased 1.8% compared with the previous quarter due to service up-conversion from standard definition (SD) to high definition (HD) of Thai broadcasters, together with the increase of utilization in Africa.
- Revenue from the Thaicom 4 Broadband Satellite and related services was Baht 535 million for Q1/2018, down by 35.3% from Baht 827 million for Q1/2017. This was mainly contributed by the churn of major customers during Q2-Q4/2017. Compared with the previous quarter, the revenue for Q1/2018 increased 7.2% because of the ramp-up utilization of recent service contracts from Indonesia and Thailand, together with the increase of utilization in India.

Internet and media services

The Company's revenue from Internet and media services currently comes mainly from CDN. For Q1/2018, the revenue was Baht 57 million, down by 39.1% compared to Baht 94 million for Q1/2017 and also down by 29.8% compared to Baht 81 million for Q4/2017, mainly because of the decrease of CDN's revenue from 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 Q1/2018 of Baht 1,001 million, decrease 29.8% compared to Baht 1,427 million for Q1/2017 and also decrease 21.8% compared to Baht 1,280 million for Q4/2017 due to the decrease of cost from both satellite and Internet and media businesses.

Cost of sales of goods and rendering of services Unit: Baht million	Q1/2018	Q4/2017	Q1/2017	QoQ (%)	YoY (%)
Satellite and related services	980	1,229	1,383	-20.3%	-29.1%
Internet and media businesses*	46	65	71	-29.8%	-35.6%
Consolidation eliminations	(25)	(14)	(28)	75.9%	-9.1%
Total	1,001	1,280	1,427	-21.8%	-29.8%

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

Cost of satellite and related services

Cost relating to satellite and related services for Q1/2018 was Baht 980 million, a decrease of 29.1% from Baht 1,383 million for Q1/2017, and also a decrease of 20.2% compared to Baht 1,229 million for Q4/2017, due to the decrease of both cost relating to conventional and broadband satellites.

Satellite and related services Unit: Baht million	Q1/2018	Q4/2017	Q1/2017	QoQ (%)	YoY (%)
Conventional*	582	661	670	-12.0%	-13.1%
Thaicom 4 Broadband	398	568	713	-29.8%	-44.2%
Total	980	1,229	1,383	-20.2%	-29.1%

* Include the Thaicom 5 6 7 and 8 satellites

- Cost relating to the conventional satellites and related services was Baht 582 million for Q1/2018, decreased by 13.1% compared with Baht 670 million for Q1/2017, mainly from the decrease of the revenue sharing to government follow revenue drop, together with the decrease of depreciation cost

Comparing with the previous quarter, the cost of Q1/2018 decreased by 12.0% despite the increase of revenue. This is mainly due to the decrease of depreciation cost according the satellite assets impairment recognized in Q4/2017

- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q1/2018 was Baht 398 million, decreased by 44.2% from Baht 713 million for Q1/2017, mainly from the decrease of the revenue sharing to government following the churn of major customers both domestic and international, coupled with the decrease of depreciation cost.

Comparing with the previous quarter, the cost of Q1/2018 decreased by 29.8% despite the increase of revenue. This is mainly due to the decrease of depreciation cost according the satellite assets impairment recognized in Q4/2017

Cost of Internet and media services

Cost relating to the Internet and media services for Q1/2018 amounted to Baht 46 million, a decrease of 35.6% from Baht 71 million for Q1/2017 and 29.8% from Baht 65 million for Q4/2017 following CDN's sale drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, were Baht 522 million for Q1/2018, an increase of 38.6% from Baht 377 million for Q1/2017, due mainly to:

- The increase of provision for doubtful debts for the satellite business.
- The compensation for damage of the satellite equipment in Australia following Court judgment with the amount of approximately Baht 86 million

Compared with the previous quarter, SG&A expenses (excluded assets impairment) for Q1/2018 was down by 29.2%, mainly caused by the provision for doubtful debts for a broadband customer recognized in Q4/2017.

Finance costs

Finance costs totaled Baht 80 million for Q1/2018, down by 20.4% from Baht 101 million for Q1/2017, due mainly to the decrease of interest from long-term loans according to their repayment schedule, together with the prepayment of USD 40 million in Q3/2017.

Share of profit of investment in joint venture

Share of profit of investment in joint venture in telephone business for Q1/2018 was Baht 33 million, increase by 34.1% from Baht 24 million for Q1/2017. This was mainly contributed by the increase in operating result from LTC, which was mainly from the increase of revenue from Internet SIM.

Net profit

The Company reported a profit attributable to owner of the Company of Baht 1,864 million for Q1/2018, a growth of 620.4% from Baht 259 million for Q1/2017 due mainly to the gain on sale of CSL's shares. Considering only operating net profit, in Q1/2018 THCOM recognized net loss of Baht 28 million, a decrease of 110.9% compared with Q1/2017. This was mainly due to the revenue drop according to churn of major customers.

In Q4/2017, the Company recognized the net loss from normal operation (excluded assets impairment) of Baht 520 million, indicating that the Company's performance in Q1/2018 significantly increased from the previous quarter.

IV. Financial Position

As at the end of Q1/2018, the Company reported total assets of Baht 25,687 million, a decrease of 1.0% from Baht 25,939 million as at the end of 2017. This was mainly because of the decrease of:

- Non-current assets classified as held for sale, which was the investment in CSL.
- Depreciation and amortization of PP&E and intangible assets under operating agreements according to the assets impairment in Q4/2017, offsetting with
- The increase of cash and cash equivalents, and current investments, mostly cash received from the sales of CSL's ordinary shares.

THCOM's asset components

Assets Unit: Baht million	March 31, 2018		December 31, 2017	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	9,726	37.9%	9,425	36.3%
Property, plant and equipment	7,694	30.0%	7,859	30.3%
Intangible assets under operating agreement	3,708	14.4%	3,987	15.4%

Trade and other receivables

As at the end of Q1/2018, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 1,523 million (or 5.9% of total assets), comprising of receivables from other parties and related parties, representing 94.6% and 5.4% of total trade accounts receivable and accrued income, respectively.

The Company had an allowance for doubtful accounts of Baht 880 million or 45.3% of total trade accounts receivable, increased from Baht 754 million as at the end of 2017. Trade and other accounts receivable and accrued income as at the end of Q1/2018 increased by 7.9% from the end of 2017, due mainly to an increase in trade account receivable for the satellite business.

Liquidity

As at the end of Q1/2018, the Company had a current ratio of 2.81x, down from 3.22x at the end of 2017 due mainly to:

- The decrease of non-current assets classified as held for sale,
- The increase of trade and other payables, offsetting with
- The increase of cash and cash equivalents, and current investments, mostly cash received from the sales of CSL's ordinary shares.

Property, plant and equipment

Property, Plant and Equipment (PP&E) as at the end of Q1/2018 was Baht 7,694 million, a decrease of 2.1% from Baht 7,859 million as at the end of 2017. This was due mainly to depreciation and amortization of PP&E.

Intangible assets under operating agreement

Intangible assets under operating agreement as at the end of Q1/2018 was Baht 3,708 million, a decrease of 7.0% from Baht 3,987 million as at the end of 2017. This was due mainly due to depreciation and amortization of the intangible assets.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q1/2018 were Baht 7,153 million, a decrease of 3.9% from Baht 7,446 million as at the end of 2017, mainly attributable to long-term loans repayment of borrowings for the satellite projects.

The Company's shareholders' equity as at the end of Q1/2018 was Baht 14,782 million, decreasing by 3.3% from Baht 15,280 million at the end of 2017, mainly reflecting from declaration of dividends to owners of the Company of Baht 1,491 million, offsetting with the net profit for Q1/2018 of Baht 1,881 million.

As at the end of Q1/2018, with lower the Company's net borrowings, the ratio of net borrowings to equity was 0.48x, slightly down from 0.49x as at the end of 2017.

Cash flows

Net cash provided by operating activities for Q1/2018 was Baht 271 million, a decrease of 61.5% from Baht 704 million Q1/2017, due mainly to the decrease of operating profit.

Net cash provided (used) by investing activities for Q1/2018 was Baht 528 million, most of which were cash received from the sales of CSL's ordinary shares, offsetting with cash outflow to current investment.

Net cash provided (used) in financing activities for Q1/2018 was Baht (290) million, mainly comprising of the loans repayment of borrowings for the satellite projects.

The Company had ending cash and cash equivalents of Baht 2,469 million as at the end of Q1/2018.

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.