
I. Overview

Performance overview

Thaicom Plc (the Company or THCOM)'s consolidated net profit for Q3/2018 was Baht 104 million, improved by 59.6% from Q3/2017, due mainly to the decrease of depreciation expense through the satellite assets impairment recognized in Q4/2017, and the decrease of selling and administration expenses. However, compared to the previous quarter, the net profit was down by 58.6%, caused mainly by the recognition of net foreign exchange loss of Baht 36 million in Q3/2018 as a result of Baht appreciation in Q3/2018.

The consolidated revenue from sales of goods and rendering of services for Q3/2018 was Baht 1,504 million, increased by 0.6% from Baht 1,495 million for Q2/2018, contributed mainly by the ramp up of satellite revenue from oversea clients. Compared to Q3/2017, the consolidated revenue from sales of goods and rendering of services dropped by 6.3% due to the churn of some customers during 2H/2017.

The consolidated net profit for 9M/2018 was Baht 2,219 million, significantly increased by 310.8% from Baht 540 million for 9M/2017. This was mainly from the recognition of the income from the sale of CSL's share of Baht 1,950 million, recognized in Q1/2018, and a decrease in depreciation expenses. The consolidated revenue from sales of goods and rendering of services for 9M/2018 was Baht 4,503 million, drop by 13.8% from 9M/2017, mainly due to a decrease of Thaicom 4 Broadband revenue after the churn of customers.

II. Business Summary

Satellite and related Services

On 6 August 2018, Uniwise Offshore Limited, one of Asia's leading offshore support vessel (OSV) operators, has chosen Nava, Thaicom Plc's new high-speed broadband service for maritime markets, to enhance the company's operations on their entire fleet of more than 30 vessels. The service is powered by Nava FTTS™ (Fibre-to-the-Ship) which is able to support very high data rates, providing constantly high bandwidth for operational efficiency with wide area satellite coverage across Asia Pacific.

On 18 September 2018, Thaicom Plc and Bangladesh Communication Satellite Company Limited (BCSCL), a Bangladesh Government owned satellite operator, announce the signing of a multi-year consultancy service agreement. Under the agreement, Thaicom Plc will provide BCSCL comprehensive business and market development services for the Bangabandhu Satellite-1, the first ever geostationary satellite of Bangladesh that was successfully launched on 11 May 2018.

Internet and media Services

The 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). The revenue was Baht 55 million in Q3/2018, increased by 25.0% compared to Q2/2018, from the higher revenue of DTV. However, the revenue declined by 9.8% compared to Q3/2017 from the high competitiveness of satellite receiver sets in Cambodia.

Telephone business abroad

The revenue from telephone business, recognized as share of profit of investment in subsidiaries and a joint venture, is from Lao Telecommunications Co., Ltd. (LTC). As at the end of Q3/2018, LTC had total mobile subscribers (excluded fixed wireless) of 1.52 million subscribers, ranking No.1 with approximately 58.0% of total mobile's market share, up from 56.9% as at the end of Q3/2017. However, the share of profit of investment in subsidiaries and a joint venture for Q3/2018 was Baht 28 million, declined by 52.1% from Q3/2017. This was mainly due to a higher expenses according to the disaster from dam collapse in Laos.

III. Consolidated Operating Results

Selected financial information of THCOM

Unit: Baht million	Amount			Changes		Amount		Change YoY (%)
	Q3/2018	Q2/2018	Q3/2017	QoQ (%)	YoY (%)	9M/18	9M/17	
Revenue from sales of goods and rendering of services	1,504	1,495	1,605	0.6%	-6.3%	4,503	5,226	-13.8%
Cost of sales of goods and rendering of services	1,027	1,046	1,258	-1.8%	-18.3%	3,074	4,010	-23.3%
Other SG&A expenses	275	232	314	18.3%	-12.5%	1,030	946	8.9%
EBIT from continuing operations *	202	217	33	-6.8%	514%	399	271	47.4%
Depreciation and Amortization	478	478	727	0.0%	-34.3%	1,434	2,169	-33.9%
EBITDA from continuing operations **	680	694	760	-2.1%	-10.6%	1,833	2,440	-24.9%
Share of profit of investment in joint venture	28	52	59	-44.9%	-52.1%	113	150	-25.0%
Other income from the sale of CSL's share	-	-	-	n/a	n/a	1,950	-	n/a
Profit (loss) for the period from continuing operations	104	251	31	-58.6%	235.5%	2,207	441	400.3%
Profit (loss) for the period from discontinued operation	-	-	81	n/a	n/a	30	236	-87.4%
Profit (loss) for the period	104	251	112	-58.6%	-7.4%	2,236	677	230.4%
Profit (loss) attributable to: non-controlling interest	-	-	47	n/a	n/a	17	137	-87.5%
Profit (loss) attributable to owner of the Company	104	251	65	-58.6%	59.6%	2,219	540	310.8%
Earnings (loss) per share (Baht)	0.09	0.23	0.06	-58.6%	59.6%	2.02	0.49	310.8%
Profit (loss) attributable to owner of the Company, excluding profit from sale of CSL's share	104	251	65	-58.6%	59.6%	327	540	-39.4%

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

** 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 Q3/2018 was Baht 1,504 million, a decrease of 6.3% from Baht 1,605 million for Q3/2017 was caused by the downturn of revenue from both satellite and Internet and media businesses. Compared to Q2/2018, the consolidated revenue increased by 0.6% from Baht 1,495 million, contributed by an increase in both satellite and Internet and media businesses.

For 9M/2018, the consolidated revenue from sales of goods and rendering of services totaled Baht 4,503 million, a decreased of 13.8% from Baht 5,226 million for 9M/2017 was contributed by a decrease of both satellite and internet and media services.

Revenue from sales of goods and rendering of services Unit: Baht million	Q3/2018	Q2/2018	Q3/2017	QoQ (%)	YoY (%)	9M/18	9M/17	YoY (%)
Satellite and related services	1,478	1,465	1,571	0.9%	-5.9%	4,405	5,081	-13.3%
Internet and media services*	55	44	61	25.0%	-9.8%	156	218	-28.4%
Consolidation eliminations	(30)	(14)	(27)	114.3%	11.1%	(59)	(72)	-18.1%
Total	1,504	1,495	1,605	0.6%	-6.3%	4,503	5,226	-13.8%

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

Satellite and related services

Revenue from satellite and related services for Q3/2018 was Baht 1,478 million, a decrease of 5.9% from Baht 1,571 million for Q3/2017, contributed by a decrease in both conventional and broadband satellite services. Compared to Q2/2018, the revenue increased by 0.9% from Baht 1,465 million for Q2/2018 from both conventional and broadband satellite services.

For 9M/2018, the revenue from satellite related services was Baht 4,405 million, decreased by 13.3% from Baht 5,081 million for 9M/2017. This was contributed by a drop of revenue in both conventional and broadband satellite services.

Satellite and related services Unit: Baht million	Q3/2018	Q2/2018	Q3/2017	QoQ (%)	YoY (%)	9M/18	9M/17	YoY (%)
Conventional*	898	892	927	0.7%	-3.2%	2,674	2,856	-6.4%
Thaicom 4 Broadband								
Services	534	530	625	0.7%	-14.5%	1,600	1,981	-19.2%
Sales	47	44	20	7.6%	139.6%	132	244	-45.9%
Total	1,478	1,465	1,571	0.9%	-5.9%	4,405	5,081	-13.3%

* Include the Thaicom 5 6 7 and 8 satellites

- Revenue from the conventional satellites and related services for Q3/2018 was Baht 898 million, decreased by 3.2% from Baht 927 million for Q3/2017. Likewise, the revenue also decreased by 6.4% from Baht 2,856 million for 9M/2017 to Baht 2,674 million for 9M/2018, mainly due to the decrease of price per unit sold following market price dropped despite the increase of utilization.

However, compared to the previous quarter, the revenue increased by 0.7% from Baht 892 million for Q2/2018 due to ramp up of customers.

- Revenue from the Thaicom 4 Broadband Satellite and related services was Baht 534 million for Q3/2018, decreased by 14.5% from Baht 625 million for Q3/2017. Likewise, the revenue for 9M/2018 decreased by 19.2% from Baht 1,981 million for 9M/2017 to Baht 1,600 million for 9M/2018. This was mainly contributed by the churn of major customers during Q2-Q4/2017.

However, compared to the previous quarter, the Broadband revenue from bandwidth increased by 0.7% from the ramp-up of oversea customers.

Internet and media services

The Company's revenue from internet and media services currently comes from CDN and DTV. For Q3/2018, the revenue was Baht 55 million, increased by 25.0% compared to Baht 44 million for Q2/2018 from the higher revenue of DTV. The decrease of 9.8%, compared to Baht 61 million for Q3/2017, was mainly because of a decrease of CDN's revenue from sales of satellite receiver sets following the high competitiveness among the satellite TV industry in Cambodia.

For 9M/2018, the revenue from internet and media services was Baht 156 million, down by 28.4% from Baht 218 million for 9M/2017.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q3/2018 of Baht 1,027 million, decreased by 18.3% compared to Baht 1,258 million for Q3/2017, correspondingly to 9M/2018 which the cost was Baht 3,074 million, declined by 23.3% from Baht 4,010 million for 9M/2017. This was due mainly to the decrease of cost from satellite and related services accordingly to a drop in depreciation expense after the recognition of satellite assets impairment in Q4/2017.

Compared to the previous quarter, the cost of sales of goods and rendering of services decreased by 1.8% from Baht 1,046 million for Q2/2018 mainly from the satellite and related services.

Cost of sales of goods and rendering of services Unit: Baht million	Q3/2018	Q2/2018	Q3/2017	QoQ (%)	YoY (%)	9M/18	9M/17	YoY (%)
Satellite and related services	1,007	1,022	1,232	-1.5%	-18.3%	3,008	3,899	-22.9%
Internet and media businesses*	49	38	52	28.9%	-5.8%	133	178	-25.3%
Consolidation eliminations	(29)	(14)	(26)	107.1%	11.5%	(67)	(67)	0.0%
Total	1,027	1,046	1,258	-1.8%	-18.3%	3,074	4,010	-23.3%

* 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 Q3/2018 was Baht 1,007 million, decreased by 18.3% from Baht 1,232 million for Q3/2017. Likewise, for 9M18, the cost of relating to satellite and related services was Baht 3,008 million which decreased by 22.9% compared to the same period last year. This was due to the decrease of both cost relating to conventional and broadband satellites.

Compared to the previous quarter, the cost decreased by 1.5% from Baht 1,022 million for Q2/2018 despite the satellite and related services revenue increased.

Satellite and related services Unit: Baht million	Q3/2018	Q2/2018	Q3/2017	QoQ (%)	YoY (%)	9M/18	9M/17	YoY (%)
Conventional*	583	604	663	-3.4%	-12.1%	1,769	1,996	-11.4%
Thaicom 4 Broadband	424	418	568	1.4%	-25.4%	1,240	1,903	-34.8%
Total	1,007	1,022	1,232	-1.5%	-18.3%	3,008	3,899	-22.9%

* Include the Thaicom 5 6 7 and 8 satellites

- Cost relating to the conventional satellites and related services was Baht 583 million for Q3/2018, decreased by 12.1% compared with Baht 663 million for Q3/2017, mainly from the decrease of the revenue sharing to government following the revenue drop, together with depreciation expense decreased.

Compared to the previous quarter, the cost of Q3/2018 decreased by 3.4% from Baht 604 million for Q2/2018 despite the revenue increased, mainly from the decrease of cost of sales and system integration.

The decrease of 11.4% from Baht 1,996 million in 9M/2017 to Baht 1,769 million in 9M/2018 was mainly due to the drop of revenue and depreciation expense.

- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q3/2018 was Baht 424 million, decreased by 25.4% from Baht 568 million for Q3/2017, mainly from the decrease of depreciation expense.

Compared to the previous quarter, the cost of Q3/2018 increased by 1.4% following the increase of Broadband services revenue.

The decrease of 34.8% from Baht 1,903 million in 9M/2017 to Baht 1,240 million in 9M/2018 was mainly due to the drop of revenue and depreciation expense.

Cost of Internet and media services

Cost relating to the internet and media services for Q3/2018 amounted to Baht 49 million, decreased by 5.8% from Baht 52 million for Q3/2017 and increased by 28.9% from Baht 38 million for Q2/2018 with the same direction as the revenue of internet and media services.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, were Baht 275 million for Q3/2018, a decrease of 12.5% from Baht 314 million for Q3/2017, due mainly to the decrease of marketing expenses. When compared with the previous quarter, SG&A expenses increased by 18.3% from Baht 232 million for Q2/2018, mainly caused by an increase of provision for doubtful debts.

Finance costs

Finance costs were totaled of Baht 84 million for Q3/2018, down by 14.9% from Baht 99 million for Q3/2017, due mainly to the decrease of interest expense 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 was mainly from LTC which amounted to Baht 28 million for Q3/2018, decreased by 52.1% from Baht 59 million for Q3/2017. This was mainly due to higher expenses according to the disaster from dam collapse in Laos.

Net profit

The Company reported a profit attributable to owner of the Company of Baht 104 million for Q3/2018, increased by 59.6% from Baht 65 million for Q3/2017. This was due mainly to a drop in depreciation expense according to the satellite assets impairment in Q4/2017.

However, the Company's profit attributable to owner of the Company dropped by 58.6% from Baht 251 million for Q2/2018 despite the revenue increased. This was mainly from the recognition of net foreign exchange loss of Baht 36 million as a consequence of Baht appreciation in Q3/2018, whereas the Company recorded the gain of Baht 74 million in Q2/2018, together with the decrease of the share of profit from LTC.

IV. Financial Position

As at the end of Q3/2018, the Company reported total assets of Baht 23,873 million, a decrease of 8.0% 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 caused by the sale of CSL's share.
- Depreciation and amortization of PP&E and intangible assets under operating agreements according 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	September 30, 2018		December 31, 2017	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	8,733	36.6%	9,425	36.3%
Property, plant and equipment	7,397	31.0%	7,859	30.3%
Intangible assets under operating agreement	3,141	13.2%	3,987	15.4%

Trade and other receivables

As at the end of Q3/2018, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 1,477 million (or 6.2% of total assets), comprising of receivables from other parties and related parties, representing 94.3% and 5.7% of total trade accounts receivable and accrued income, respectively.

Trade and other accounts receivable and accrued income as at the end of Q3/2018 increased by 9.2% from the end of 2017, due mainly to an increase in trade account receivable for the satellite business.

Liquidity

As at the end of Q3/2018, the Company had a current ratio of 6.07x, up from 3.22x at the end of 2017 due mainly to:

- The increase of cash and cash equivalents, and current investments, mostly cash received from the sales of CSL's ordinary shares, offsetting with

- The decrease in non-current assets classified as held for sale.

Property, plant and equipment

Property, Plant and Equipment (PP&E) as at the end of Q3/2018 was Baht 7,397 million, a decrease of 5.9% 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 Q3/2018 was Baht 3,141 million, a decrease of 21.2% 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 Q3/2018 were Baht 7,022 million, a decrease of 5.7% 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 Q3/2018 was Baht 15,136 million, decreased by 0.9% from Baht 15,280 million at the end of 2017, mainly reflecting from declaration of dividends to owners of the Company during Q1/2018, offsetting with the net profit for 9M/2018

As at the end of Q3/2018, with lower the Company's net borrowings, the ratio of net borrowings to equity was 0.46x, down from 0.49x as at the end of 2017.

Cash flows

Net cash provided by operating activities for 9M/2018 was Baht 1,277 million, a decrease of 40.9% from Baht 2,161 million for 9M/2017, due mainly to the decrease of operating profit.

Net cash provided (used) by investing activities for 9M/2018 was Baht 2,426 million, most of which were cash received from the sales of CSL's ordinary shares.

Net cash provided (used) in financing activities for 9M/2018 was Baht (2,111) million, mainly comprising of the loans repayment and dividend paid to shareholders.

The Company had ending cash and cash equivalents of Baht 3,552 million as at the end of Q3/2018.

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.