
I. Overview

Important matter in 2018

Impairment of satellites' assets

In 2018, Thaicom Plc ("the Company" or "THCOM") recognized the net impairment of satellite assets, in total of Baht 2,253 million. The company has decided to recognize the impairment loss mainly due to the slowdown of satellite industry from the change in customer behavior, together with fierce competition, which cause the price per unit to drop.

The impairment is considered a non-cash item and does not affect the cash management of the Company. The recognition of impairment loss would cause going forward depreciation and amortization of the assets decrease by approximately Baht 116 million per annum.

Performance overview

The Company's consolidated revenue from sales of goods and rendering of services for 2018 was Baht 6,008 million, a decrease of 10.2% from Baht 6,689 million for 2017, mainly due to the decrease of price per unit sold following the industry downtrend and the churn of major customers during 2017.

The Company reported a consolidated net profit for 2018, taking into account the impairment, of Baht 230 million, improving from the previous year that reported the net loss of Baht (2,650) million. This was mainly due to the recognition of gain from sales of CS Loxinfo Public Company Limited (CSL)'s share, a decrease in depreciation and amortization after the recognition of satellite assets impairment in 2017 and an effective cost management. Considering only normal profit of the year, 2018 normalized profit was Baht 140 million, improving significantly from Baht 20 million for that of 2017.

II. Business Summary

Satellite and related Services

Thaicom Public Company Limited received the ASEAN Corporate Governance Awards for the Top 50 ASEAN publicly listed companies category for the second consecutive time. The ASEAN Corporate Governance Awards is initiated by the ASEAN Capital Markets Forum (ACMF) with the support of the Asian Development Bank (ADB) to establish a common governance framework across the region. Thaicom has been recognized by leading organizations in Thailand for its sustained good corporate governance, earning itself excellent governance ratings for last six consecutive years.

The company has also been selected for the 2018 Thailand Sustainability Investment (THSI) for four consecutive years. Thaicom also received the certificate of full membership of Thailand's private sector "Collective Action Coalition Against Corruption" (CAC) for two consecutive years.

Internet and media Services

Since the completion of sales of CSL's shares to AWN during January 2018, the Company has no longer recognized the share of profit from CSL. The revenue from Internet and media services is 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 2018, Lao Telecommunications Co., Ltd. (LTC) had total mobile subscribers (excluded fixed wireless) of 1,488,196 and ranks No.1 with 56.1% mobile's market share.

In January, LTC entered into Sale and Purchase Agreement to acquire 500,000 shares or 100% of Vimpelcom Company Limited, one of the mobile operator under the brand "BEELINE", from the government of Lao PDR. This acquisition will significantly enhance LTC network efficiency and expand its target market, especially young generations.

III. Consolidated Operating Results

Selected financial information of THCOM

Unit: Baht million	Amount		Change YoY (%)
	2018	2017	
Revenue from sales of goods and rendering of services	6,008	6,689	-10.2%
Cost of sales of goods and rendering of services	4,219	5,291	-20.3%
Loss from Impairment *	2,253	3,309	-31.9%
Other SG&A expenses	1,517	1,684	-9.9%
EBIT from continuing operations **	(1,981)	(3,594)	-
Depreciation and Amortization	1,929	2,896	-33.4%
EBITDA from continuing operations ***	(52)	(699)	-
Share of profit of investment in joint venture	119	196	-39.1%
Other income from the sale of CSL's share	1,950	-	-
Profit (loss) for the period from continuing operations	217	(2,787)	-
Profit (loss) for the period from discontinued operation	30	326	-90.9%
Profit (loss) for the period	247	(2,461)	-
Profit (loss) attributable to: non-controlling interest	17	189	-90.9%
Normalized profit ****	140	20	608.0%
Profit (loss) attributable to owner of the Company	230	(2,650)	-
Earnings (loss) per share (Baht)	0.21	(2.42)	-
Earnings (loss) per share from continuing operations (Baht)	0.20	(2.54)	-

* The impairment of satellites and subsidiary

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

*** EBITDA = EBIT + Depreciation and Amortization

**** Normalized profit = Profit (loss) attributable to owner of the Company – Profit from the sale of CSL's share + Net impairment loss

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for 2018 was Baht 6,008 million, a decrease of 10.2% from Baht 6,689 million for 2017. This was contributed by a drop of both satellite and Internet and media services revenue.

Revenue from sales of goods and rendering of services Unit: Baht million	2018	2017	%YoY
Satellite and related services	5,850	6,475	-9.7%
Internet and media services*	229	299	-23.4%
Consolidation eliminations	(71)	(85)	-16.5%
Total	6,008	6,689	-10.2%

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

Satellite and related services

Revenue from satellite and related services for 2018 was Baht 5,850 million, a decrease of 9.7% from Baht 6,475 million for 2017. This was caused by a drop of revenue in both conventional and broadband satellite services.

Satellite and related services Unit: Baht million	2018	2017	%YoY
Conventional*	3,565	3,726	-4.3%
Thaicom 4 Broadband	2,284	2,748	-16.9%
Services	2,143	2,480	-13.6%
Sales	141	269	-47.3%
Total	5,850	6,475	-9.7%

* Include the Thaicom 5 6 7 and 8 satellites

- Revenue from the Thaicom conventional satellites and related services for 2018 was Baht 3,565 million, dropped by 4.3% from Baht 3,726 million for 2017. Despite, consistent utilization from conventional satellites, the price per unit has decreased following the slowdown of industry trend.
- Revenue from the Thaicom 4 Broadband Satellite and related services was Baht 2,284 million for 2018, down by 16.9% from Baht 2,748 million for 2017. This was mainly contributed by the churn of major customers during 2017

Internet and media services

The Company's revenue from Internet and media services for 2018 was Baht 229 million, down by 23.4% compared to Baht 299 million for 2017, mainly from a decrease of CDN's revenue from sales of satellite receiver sets following the high competitiveness among the industry in Cambodia.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for 2018 of Baht 4,237 million, a decrease of 19.9% compared to Baht 5,291 million for 2017, due to the decrease of cost from both satellite and Internet and media services.

Cost of sales of goods and rendering of services Unit: Baht million	2018	2017	%YoY
Satellite and related services	4,130	5,129	-19.5%
Internet and media services*	188	243	-22.6%
Consolidation eliminations	(81)	(81)	0.0%
Total	4,237	5,291	-19.9%

* 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 2018 was Baht 4,130 million, a decrease of 19.5% from Baht 5,129 million for 2017. This was due to a drop in depreciation expense after the recognition of satellite assets impairment in Q4/2017.

Satellite and related services Unit: Baht million	2018	2017	%YoY
Conventional*	2,430	2,658	-8.6%
Thaicom 4 Broadband	1,700	2,471	-31.2%
Total	4,130	5,129	-19.5%

* Include the Thaicom 5 6 7 and 8 satellites

- Cost relating to the conventional satellites and related services was 2,430 Baht million for 2018, decreased by 8.6% compared with Baht 2,658 million for 2017, following the revenue drop and lower depreciation expense from the recognition of satellite assets impairment in Q4/2017.

- Cost relating to the Thaicom 4 Broadband Satellite and related services for 2018 was Baht 1,700 million, decreased by 31.2% from Baht 2,471 million for 2017. This was primarily due to lower revenue sharing to the government, following the decrease of overall bandwidth usage and lower depreciation expense from the recognition of satellite assets impairment in Q4/2017.

Cost of Internet and media services

Cost relating to the Internet and media services for 2018 amounted to Baht 188 million, a decrease of 22.6% from Baht 243 million for 2017, following the sales drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses and impairment loss, totaled Baht 3,770 million for 2018, a decrease of 24.5% from Baht 4,993 million for 2017. This was mainly contributed to the important matters in 2018 as following:

- The impairment of satellite assets of Baht 2,253 million in 2018, compared to the impairment of satellite assets and subsidiary of Baht 3,309 million in 2017
- The decrease of staff expenses and marketing expenses,
- The decrease of provision for doubtful debts for the satellite business.

SG&A, excluding the impairment of satellite assets, was Baht 1,517 million, decrease 9.9% from the same period of last year.

Finance costs

Finance costs totaled Baht 338 million for 2018, decrease by 11.6% from Baht 382 million for 2017, contributed mainly from 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 2018 was Baht 119 million, decrease by 39.1% from Baht 196 million for 2017 despite higher LTC's revenue. This was because of the increase of depreciation from an investment for network expansion and also the expenses according to the disaster from dam collapse in Laos.

Net profit

The Company reported a profit (loss) attributable to owner of the Company of Baht 230 million for 2018, significantly improved from last year that reported Baht (2,650) million. The improvement of net profit in 2018, despite a drop in revenue, was mainly from the recognition of gain from sale of CS Loxinfo Public Company Limited (CSL)'s share, a decrease of depreciation and amortization of the assets after the impairment of satellites and subsidiary in 2017 and an effective cost management. Considering only normal profit of the year, 2018 normalized profit was Bath 140 million, improving significantly from Baht 20 million for that of 2017.

IV. Financial Position

As at the end of 2018, the Company reported total assets of Baht 22,202 million, a decrease of 14.4% from Baht 25,939 million as at the end of 2017. This was mainly due to;

- The recognition of the impairment of satellite assets.
- 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 for 2017, offsetting with
- The increase of cash and cash equivalents, and current investments, mostly cash from operation and cash received from the sales of CSL's ordinary shares.

THCOM's asset components

Assets Unit: Baht million	December 31, 2018		December 31, 2017	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	9,679	43.6%	9,488	36.6%
Property, plant and equipment	4,815	21.7%	7,859	30.3%
Intangible assets under operating agreement	3,007	13.5%	3,987	15.4%

Trade and other receivables

As at the end of 2018, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 1,536 million (or 6.9% 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.

Liquidity

As at the end of 2018, the Company had a current ratio of 2.39x, down from 3.22x as at the end of 2017, due mainly to the increase of the current portion of long-term loan due to the bond repayment schedule in 2019 of Baht 2,275 million.

Non-current assets

Total non-current assets as at the end of 2018 was Baht 12,523 million, a decrease of 23.9% from Baht 16,451 million as at the end of 2017. This was due mainly to depreciation and amortization of PP&E and the intangible assets, together with the recognition of impairment of satellite assets in 2018.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of 2018 were Baht 7,023 million, a decrease of 5.7% from Baht 7,446 million as at the end of 2017, because of the repayments on schedule.

The Company's shareholders' equity as at the end of 2018 was Baht 13,137 million, decreased by 14.0% from Baht 15,280 million as at the end of 2017, mainly reflecting from a declaration of dividends to owners of the Company during Q1/2018.

As at the end of 2018, the ratio of net borrowings to equity was 0.53x, increased from 0.49x as at the end of 2017.

Cash flows

Net cash provided by operating activities for 2018 was Baht 1,886 million, a decrease of 36.7% from Baht 2,980 million for 2017, due mainly to the decrease of operating profit.

Net cash provided (used) by investing activities for 2018 was Baht 1,207 million, most of which were cash received from the sales of CSL's ordinary shares.

Net cash provided (used) in financing activities for 2018 was Baht (2,223) million, mainly comprising of the loans and interest payment, including dividend payment.

The Company had ending cash and cash equivalents of Baht 2,830 million and also held current investment of Baht 4,227 million as at the end of 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.