
I. Overview

Performance overview

Thaicom Plc (the Company or THCOM)'s consolidated revenue from sales of goods and rendering of services for Q1/2019 was Baht 1,303 million, decreased by 13.5% from Baht 1,505 million for Q4/2018, mainly due to the decrease of revenue from both satellite services, especially from Thai customers, and the Internet and media services. Comparing with Q1/2018, the consolidated revenue from sales of goods and rendering of services also decreased by 13.4%, mainly contributed by the drop of revenues from satellite business which caused by the price drop following the global downward trend of satellite industry.

However, EBIT from normal operations was still maintained at Baht 96 million, significantly improved from that of Q4/2018 and Q1/2018 which reported the loss of Baht (126) million (exclude asset impairment) and Baht (20) million, respectively. And the Company reported EBITDA for Q1/2019 at Baht 559 million, equivalent to the EBITDA margin of 43%, increase from 24% for Q4/2018 and 33% for Q1/2018 as a result of cost saving measures.

The Company reported net profit (loss) for Q1/2019 at Baht (33) million, resulting from the written-off of assets at Baht (34) million and the loss from share of profit of investment in joint venture at Baht (5) million. The normalized profit (loss) for Q1/2019 improved from Baht (187) million for Q4/2018, due to the lower cost of services and SG&A. However, the decrease from Baht (28) million for Q1/2018 was due to the effect of revenue drop and also the lower share of profit of investment in joint venture.

II. Business Summary

Satellite and related Services

In January 2019, True Visions Group Co., Ltd., signed a long-term transponder capacity contract for continuing its pay TV service to audiences in Thailand. THCOM has retained several Ku-band transponders on the new Thaicom 8 satellite which delivers pay TV services to audiences in Thailand and across Asia including premier sports and entertainment events. TrueVisions starts using the service on the Thaicom 8 satellite from 2019 onwards. Previously, TrueVisions has provided pay TV services via C-band and Ku-band transponders on the Thaicom 5. The transfer of subscribers from Thaicom 5 to Thaicom 8 is necessary as Thaicom 5 does not serve TrueVision's long-term requirements.

On 29 January 2019, THCOM published the statement regarding the Thai cabinet's decision to restructure the country's satellite management regime and pursue a public-private partnership (PPP) model and Extension of Service Life of Thaicom 5. The company wish to engage in a constructive cooperation with the Thai Government to enhance national security by joining the PPP model and open to discuss various forms of project collaboration to enhance public-private partnership. In addition, the company will utilize space drone technology to extend the service life of Thaicom 5 and plan to extend the service life of other satellites in our fleet as well, such as Thaicom 4 (IPSTAR). Lastly, the company believes the Thai Cabinet's recent approval of the satellite life extension will boost market confidence and guarantee service continuity.

Internet and media Services

The revenue from Internet and media services was mainly from Cambodian DTV Network Ltd (CDN), sale of direct television equipment in Cambodia, and Thai Advance Innovation Company Limited (ThaiAI) (former name: DTV Service Co.,Ltd), sale of direct television equipment, providing system integration consultancy service for broadband network and broadband content services in Thailand.

Telephone business abroad

As of the end of Q1/2019, Lao Telecommunications Co., Ltd. (LTC) had total mobile subscribers (excluded fixed wireless) of 1.48 million subscribers and ranks No.1. However, LTC's market share as of Q1/2019 was 56%, dropped from 58% as of Q1/2018.

III. Consolidated Operating Results

Selected financial information of THCOM

Unit: Baht million	Amount			Changes	
	Q1/2019	Q4/2018	Q1/2018	QoQ (%)	YoY (%)
Revenue from sales of goods and rendering of services	1,303	1,505	1,504	-13.5%	-13.4%
Cost of sales of goods and rendering of services	962	1,145	1,001	-16.0%	-3.9%
Loss from impairment of assets	-	2,253	-	n/a	-
Other SG&A expenses	245	487	522	-49.7%	-53.1%
EBIT from continuing operations *	96	(2,379)	(20)	n/a	n/a
Depreciation and Amortization	452	494	479	-8.6%	-5.6%
EBITDA from continuing operations **	559	(1,885)	459	n/a	21.8%
Share of profit of investment in joint venture	(5)	7	33	n/a	-114.7%
Other income from the sale of CSL's share	-	-	1,950	-	n/a
Profit (loss) for the period from continuing operations	44	(1,990)	1,851	n/a	-97.6%
Profit (loss) for the period from discontinued operation	-	-	30	-	n/a
Profit (loss) for the period	(33)	(1,990)	1,881	n/a	n/a
Profit (loss) attributable to: non-controlling interest	-	-	17	-	n/a
Profit (loss) attributable to owner of the Company	(33)	(1,990)	1,864	n/a	n/a
Earnings (loss) per share (Baht)	(0.03)	(1.82)	1.70	n/a	n/a
Profit (loss) attributable to owner of the Company, excluding loss from impairment and profit from sale of CSL's share	(33)	(187)	(28)	n/a	n/a

* 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 Q1/2019 was Baht 1,303 million. A decrease of 13.4% from Baht 1,504 million for Q1/2018 and a decrease of 13.5% from Baht 1,505 million for Q4/2018 were due to the decrease of revenue from both satellite and Internet and media businesses.

Revenue from sales of goods and rendering of services Unit: Baht million	Q1/2019	Q4/2018	Q1/2018	QoQ (%)	YoY (%)
Satellite and related services	1,278	1,444	1,462	-11.5%	-12.6%
Internet and media services*	39	73	57	-46.6%	-31.6%
Consolidation eliminations	(14)	(12)	(15)	16.7%	-6.7%
Total	1,303	1,505	1,504	-13.5%	-13.4%

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

Satellite and related services

Revenue from satellite and related services for Q1/2019 was Baht 1,278 million, a decrease of 12.6% from Baht 1,462 million for Q1/2018, and a decrease of 11.5% from Baht 1,444 million for Q4/2018, mainly contributed by a decrease of conventional satellite services.

Satellite and related services Unit: Baht million	Q1/2019	Q4/2018	Q1/2018	QoQ (%)	YoY (%)
Conventional*	648	891	886	-27.3%	-26.9%
Thaicom 4 Broadband	630	552	576	14.1%	9.4%
Services	554	543	535	2.0%	3.6%
Sales	76	9	41	712.0%	85.4%
Total	1,278	1,444	1,462	-11.5%	-12.6%

* Include the Thaicom 5 6 7 and 8 satellites

- Revenue from conventional satellites and related services for Q1/2019 was Baht 648 million, dropped by 26.9% from Baht 886 million for Q1/2018 and dropped by 27.3% from Baht 891 million for Q4/2018. A drop of conventional satellites revenue was mainly due to a newly signed long-term contract for a major customer in Thailand which THCOM has provided a discount to the existing contract, together with the decrease of utilization from other customers.
- Revenue from the Thaicom 4 Broadband Satellite and related services for Q1/2019 was Baht 630 million, an increase of 9.4% compared with Baht 576 million for Q1/2018 and also an increase of 14.1% compared with Baht 552 million for Q4/2018. This was due to the ramping up of services for customers in Indonesia and the Philippines, together with the increase of utilization and sales in several countries, including Thailand and Japan.

Internet and media services

The Company's revenue from Internet and media services currently comes mainly from CDN and ThaiAI. For Q1/2019, the revenue was Baht 39 million, down by 31.6% compared to Baht 57 million for Q1/2018 and also down by 46.6% compared to Baht 73 million for Q4/2018, mainly because of the decrease of CDN's revenue from sales of satellite receiver sets due to competition.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q1/2019 of Baht 962 million, decreased 3.9% compared to Baht 1,001 million for Q1/2018 and also decreased 17.3% compared to Baht 1,163 million for Q4/2018 due to the decrease of cost from both satellite services and Internet and media businesses.

Cost of sales of goods and rendering of services Unit: Baht million	Q1/2019	Q4/2018	Q1/2018	QoQ (%)	YoY (%)
Satellite and related services	939	1,122	980	-16.3%	-4.2%
Internet and media businesses*	37	55	46	-32.7%	-19.6%
Consolidation eliminations	(14)	(14)	(25)	0.0%	-44.0%
Total	962	1,163	1,001	-17.3%	-3.9%

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

Cost of satellite and related services

Cost relating to satellite and related services for Q1/2019 was Baht 939 million, a decrease of 4.2% from Baht 980 million for Q1/2018, and also a decrease of 16.3% compared to Baht 1,122 million for Q4/2018, mainly due to the decrease of cost relating to conventional satellites.

Satellite and related services Unit: Baht million	Q1/2019	Q4/2018	Q1/2018	QoQ (%)	YoY (%)
Conventional*	481	661	582	-27.2%	-17.4%
Thaicom 4 Broadband	458	460	398	-0.5%	15.0%
Total	939	1,122	980	-16.3%	-4.2%

* Include the Thaicom 5 6 7 and 8 satellites

- Cost relating to the conventional satellites and related services was Baht 481 million for Q1/2019, decreased by 17.4% compared with Baht 582 million for Q1/2018, and also decreased by 27.2% compared with Baht 661 million for Q4/2018. This was mainly due to the decrease of revenue sharing to government following revenue drop, together with the decrease of depreciation cost from assets impairment. During Q4/2018, the cost relating to the conventional satellites and related services was higher than usual due to one-time cost relating to quality of service survey expense for a foreign client.
- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q1/2019 was Baht 458 million, increased by 15.0% from Baht 398 million for Q1/2018, mainly from the increase of the revenue sharing to government and cost of sale following revenue growth. Comparing with the previous quarter, the cost of Q1/2019 remained constant despite revenue growth due to effective cost management.

Cost of Internet and media services

Cost relating to the Internet and media services for Q1/2019 amounted to Baht 37 million, a decrease of 19.6% from Baht 46 million for Q1/2018 and a decrease of 32.7% from Baht 55 million for Q4/2018 following CDN's sale drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, were Baht 245 million for Q1/2019, a decrease of 53.1% from Baht 522 million for Q1/2018, and also a decrease of 49.7% from Baht 487 million for Q4/2018, due mainly to:

- The significant decrease of provision for doubtful debts for the satellite business.
- The decrease of staff and marketing expenses due to effective cost management.
- The compensation for damage of the satellite equipment in Australia following Court judgment with the amount of approximately Baht 86 million which recognized in Q1/2018

Finance costs

Finance costs totaled Baht 83 million for Q1/2019, not significantly different compared with the previous year at Baht 80 million despite the loan repayment due to the increase of interest rate

Share of profit of investment in joint venture

The decrease of share of profit (loss) of investment from Baht 33 million in Q1/2018 to Baht (5) million in Q1/2019 was due to a drop of LTC's revenue compared to previous year, which was reflected from a price war, both on mobile and net sim, coupled with the recognition of the withholding tax subjected to dividend received from LTC, resulting in the net loss from investment despite LTC's positive net profit.

Net profit

The consolidated net profit (loss) attributable to owner of the Company was Baht (33) million for Q1/2019, a decrease of from Baht 1,864 million for Q1/2018 due mainly to the gain on sale of CSL's shares in Q1/2018. Considering only normalized profit (excluded profit from sales of CSL and impairment loss), THCOM's normalized profit (loss) in Q1/2019 was Baht (33) million, decreased from Baht (28) million in Q1/2018 following revenue drop and also a lower share of profit of investment in joint venture.

In Q4/2018, the Company recognized the consolidated net profit (loss) attributable to owner of the Company of Baht (1,990) million from the recognition of the impairment of assets. Considering only normalized profit, THCOM's normalized profit (loss) in Q1/2019 improved from Baht (187) million from the lower cost of services and SG&A.

IV. Financial Position

As at the end of Q1/2019, the Company reported total assets of Baht 21,911 million, a decrease of 1.3% from Baht 22,202 million as at the end of 2018. This was mainly caused by the depreciation and amortization of PP&E and intangible assets under operating agreements.

THCOM's asset components

Assets Unit: Baht million	March 31, 2019		December 31, 2018	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	10,099	46.1%	9,679	43.6%
Property, plant and equipment	4,697	21.4%	4,815	21.7%
Intangible assets under operating agreement	2,708	12.4%	3,007	13.5%

Trade and other receivables

As at the end of Q1/2019, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 1,549 million (or 7.1% 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 Q1/2019, the Company had a current ratio of 2.48x, slightly increased from 2.39x as at the end of 2018, due mainly to the increase of cash and cash equivalent on hand.

Non-current assets

Total non-current assets as at the end of Q1/2019 was Baht 11,802 million, a decrease of 5.8% from Baht 12,523 million as at the end of 2018. This was due mainly to depreciation and amortization of PP&E and the intangible assets.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q1/2019 were Baht 6,770 million, a decrease of 3.6% from Baht 7,022 million as at the end of 2018, because of the repayments on schedule.

The Company's shareholders' equity as at the end of Q1/2019 was Baht 13,067 million, slightly decreased by 0.5% from Baht 13,137 million as at the end of 2018, mainly reflecting from consolidated net loss.

As at the end of Q1/2019, the ratio of net borrowings to equity was 0.52x, slightly decreased from 0.53x as at the end of 2018.

Cash flows

Net cash provided by operating activities for Q1/2019 was Baht 501 million, an increase of 84.8% from Baht 271 million for Q1/2018, due mainly to an effective cost control.

Net cash provided (used) by investing activities for Q1/2019 was Baht 829 million, most of which were from an increase of current investment.

Net cash provided (used) in financing activities for Q1/2019 was Baht (321) million, mainly comprising of the loans and interest payment.

The Company had ending cash and cash equivalents of Baht 3,839 million and also held current investment of Baht 3,452 million as at the end of Q1/2019.

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.