
I. Overview

Thaicom Plc ("the Company")'s revenue from satellite services for Q2/2013 grew continuously over the previous quarter and the same quarter last year. The revenue growth and the efficiency of cost and SG&A control resulted in an operating profit (EBIT) for Q2/2013 of Baht 411 million, up Baht 116 million and Baht 16 million from Q1/2013 and Q2/2012 respectively.

For Q2/2013, the Company's net profit was Baht 190 million, up by Baht 75 million or 65.2% from Q2/2012 net profit of Baht 115 million, and down by Baht 140 million or 42.4% from Q1/2013 net profit of Baht 330 million. However, regardless of gain/loss on exchange rate which was mostly unrealized, the Company would generate a net profit growth in Q2/2013 of Baht 99 million or 42.1% over Q1/2013.

For 1H/2013, the Company reported a net profit of Baht 521 million, up by Baht 364 million or 231.8% from Baht 157 million for 1H/2012, as a result of the growth of satellite business, the efficiency of cost control, a decrease in finance cost, and a decrease in loss from discontinued operation.

In the separate financial statements for Q2/2013, the Company had net profit of Baht 178 million, up by Baht 86 million from Baht 92 million for Q2/2012. For 1H/2013, the Company's net profit was Baht 371 million, up by Baht 241 million from Baht 130 million for 1H/2012.

In August 2013, CS LoxInfo Plc ("CSL") announced it would pay an interim dividend of Baht 0.35 per share for the performance of the first six months of 2013.

II. Business Summary

Transponder leasing and related business

The launcher of Thaicom 6, Space Exploration Technologies Corporation (SpaceX), informed that due to delay in the launch of a satellite ahead in the line, Thaicom 6's launch schedule will unavoidably be shifted, possibly until late of the third quarter or in the fourth quarter of this year. The Company has acquired an interim satellite to provide services at 78.5 degrees East orbital slot well ahead of the launch of Thaicom 6. The interim satellite, commencing services in August, will serve the growing demand of Thailand's broadcasters; hence supporting the growth of the country's broadcasting industry, while at the same time providing more benefits and revenue sharing to the Thai government.

The Thaicom 6 project completed Pre-Shipment Review, and will be shipped to the launch site. The demand for commercial satellite services from broadcasting satellite operators continues to be strong and growing. Currently, 66% of Thaicom 6's total transponders have been reserved.

IPSTAR bandwidth leasing service business has grown from existing customers' lease of greater bandwidth of IPSTAR; e.g. TOT Public Company Limited (TOT) extended the IPSTAR broadband satellite's bandwidth leasing contract and takes up the rest of bandwidth capacity in Thailand, running from April 2013 until 2021. Moreover, the Company also signed bandwidth agreement with new customers.

The Company has continued to focus on Open Access Platform (OAP). The Company has signed a Cooperation Framework Agreement with Gilat Satellite Networks Limited (Gilat), a worldwide leader in satellite networking technology, solutions and services, to provide integrated platform solutions using Gilat's ground system on Thaicom 4 (IPSTAR) high throughput satellite in countries across Asia-Pacific where the system best suits customers.

Telephone business

As of the end of Q2/2013, Lao Telecommunications Co., Ltd. (LTC) had total phone subscribers of 1,375,097, increased from 1,356,930 at the end of Q2/2012. Currently, the telecom market competition remains high in Lao PDR. There are four mobile network operators in Lao PDR and LTC still ranks No.1 in Lao PDR's mobile phone market share. This resulted from its marketing activities, emphasis on proper network expansion and the quality of services.

In Q2/2013, CSL reported a 10% increase in sale and service income over Q2/2012. The growth was mainly from Internet access and ICT services especially from ICT services which sharply grew from Q2/2012. This was due to its initiative, more effort on emphasizing in develop new product group to corporate customers base. Moreover, large project sales were delivered and recognized in this quarter.

The Company reported net profit of CSL group in share of profit of associates in consolidated income statement.

Media business

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,431,824 sets as of the end of Q2/2013, up 120,096 sets from 1,311,728 sets as of the end of Q2/2012. Currently, the Thai television industry has been changing to digital TV for which viewers can watch TV programs through digital TV set top box or new model of HD set top box.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount			Change		Amount		Change
	Q2/13	Q1/13	Q2/12	QoQ (%)	YoY (%)	1H/13	1H/12	YoY (%)
Revenue from sale of goods and rendering of services	1,794	1,774	1,808	1.1%	-0.8%	3,567	3,590	-0.6%
Share of profits of associate	48	62	38	-22.6%	26.3%	109	83	31.3%
Cost of sale of goods and rendering of services	1,030	1,073	1,112	-4.0%	-7.4%	2,102	2,291	-8.2%
SG&A expenses	353	406	301	-13.1%	17.3%	759	605	25.5%
(Reversal of) Impairment losses on non-current assets held for abandonment	-	(51)	-	100.0%	-	(51)	41	-224.4%
EBIT from continuing operations*	411	295	395	39.3%	4.1%	706	694	1.7%
EBITDA from continuing operations **	947	811	926	16.8%	2.3%	1,758	1,764	-0.3%
Profit (loss) from continuing operations	190	382	251	-50.3%	-24.3%	572	412	38.8%
Profit (Loss) from discontinued operation, net of income tax	-	(51)	(136)	100.0%	100.0%	(51)	(255)	80.0%
Net profit (loss)	190	330	115	-42.4%	65.2%	521	157	231.8%
EPS (Baht)	0.17	0.30	0.10	-43.3%	70.0%	0.48	0.14	242.9%

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

** EBITDA = EBIT + Depreciation and Amortization

Sales and service income

Consolidated revenue from sale of goods and rendering of services in Q2/2013 was Baht 1,794 million, a decrease of Baht 14 million or 0.8% compared to Baht 1,808 million in Q2/2012 and an increase of Baht 20 million or 1.1% from Baht 1,774 million in Q1/2013. For 1H/2013, consolidated revenue from sale of goods and rendering of services was Baht 3,567 million, a decrease of Baht 23 million or 0.6% from Baht 3,590 million for 1H/2012.

Revenue from sale of goods and rendering of services	Q2/13	Q1/13	Q2/12	%QoQ	%YoY	1H/13	1H/12	%YoY
Satellite and related services	1,587	1,542	1,553	2.9%	2.2%	3,129	3,076	1.7%
Telephone and Internet access services *	200	204	178	-2.0%	12.4%	405	362	11.9%

Revenue from sale of goods and rendering of services	Q2/13	Q1/13	Q2/12	%QoQ	%YoY	1H/13	1H/12	%YoY
Media services **	29	48	87	-39.6%	-66.7%	76	171	-55.6%
Consolidation eliminations	(22)	(20)	(10)	-10.0%	-120.0%	(43)	(19)	-126.3%
Total	1,794	1,774	1,808	1.1%	-0.8%	3,567	3,590	-0.6%

* Include revenue from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

** Include revenue from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q2/2013 was Baht 1,587 million, a rise of Baht 34 million or 2.2% compared to Baht 1,553 million in Q2/2012 and an increase of Baht 45 million or 2.9% from Baht 1,542 million in Q1/2013.

For 1H/2013, revenue from satellite transponders and related services was Baht 3,129 million, up by Baht 53 million or 1.7% from Baht 3,076 million in 1H/2012, contributed by Thaicom 5 conventional satellite service and IPSTAR bandwidth leasing service.

Satellite and related services	Q2/13	Q1/13	Q2/12	%QoQ	%YoY	1H/13	1H/12	%YoY
Thaicom 5	745	734	707	1.5%	5.4%	1,479	1,390	6.4%
IPSTAR	842	808	846	4.2%	-0.5%	1,650	1,686	-2.1%
Sales	45	62	82	-27.4%	-45.1%	107	166	-35.5%
Services	797	746	764	6.8%	4.3%	1,543	1,520	1.5%
Total	1,587	1,542	1,553	2.9%	2.2%	3,129	3,076	1.7%

- Revenue from the Thaicom 5 satellite business for Q2/2013 was Baht 745 million, up by Baht 38 million or 5.4% from Baht 707 million in Q2/2012, due mainly to:

- Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression,
- Sale of equipment to broadcasting satellite operators, while there was no sale in Q2/2012.

Compared to Baht 734 million in Q1/2013, revenue from the Thaicom 5 satellite business grew by Baht 11 million or 1.5% largely from value-added services.

The demand for commercial satellite services from broadcasting satellite operators continues to be strong and growing with an increase in the number of television channels under the conventional satellite platform at 78.5 degrees east from 465 channels at the end of Q2/2012 to 513 channels at the end of Q2/2013.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 842 million in Q2/2013, down by Baht 4 million or 0.5% from Baht 846 million in Q2/2012. This was contributed by:

- Sales revenue in Q2/2013 was Baht 45 million, a drop of Baht 37 million or 45.1% from Baht 82 million in Q2/2012 due mainly to a drop in user terminal (UT) sales volume, Offset by
- Service revenue in Q2/2013 was Baht 797 million, a growth of Baht 33 million or 4.3% from Baht 764 million in Q2/2012. The main driver of service growth was mainly from bandwidth leasing service in Thailand, Australia, and Malaysia.

Compared to Baht 808 million in Q1/2013, IPSTAR revenue in Q2/2013 rose by Baht 34 million or 4.2% on:

- Service revenue growth of Baht 51 million or 6.8% from Baht 746 million in Q1/2013 mainly from bandwidth leasing service in Thailand, Australia, and Malaysia, Offset by
- Sales revenue decrease of Baht 17 million or 27.4% from Baht 62 million in Q1/2013 following lower UT sales volume.

Telephone and Internet access services

The Company's revenue from telephone and Internet services in Lao PDR in Q2/2013 was Baht 200 million, up by Baht 22 million or 12.4% compared to Baht 178 million in Q2/2012. This led to a revenue increase of Baht 43 million or 11.9% in 1H/2013 from Baht 362 million in 1H/2012. The revenue growth was mainly contributed by;

- A revenue increase from prepaid and postpaid mobile phone service revenue, resulting from higher mobile phone subscriber base and average revenue per subscriber (ARPU),
- A revenue increase from interconnection charge, international telephone service charge, and International Roaming (IR) charge,
- A revenue increase from Internet access services, following an increase in the number of HSPA subscribers.

Compared to the previous quarter, revenue from telephone and Internet services in Lao PDR in Q2/2013 declined by Baht 4 million or 2.0%, due mainly to lower interconnection charge and international sharing charge.

Media services

Revenue from media services in Q2/2013 was Baht 29 million, down by Baht 58 million or 66.7% from Baht 87 million in Q2/2012, and down by Baht 19 million or 39.6% from Baht 48 million in Q1/2013. This was due mainly to revenue drops in sale of Dtv satellite dish and IRD box, following Dtv sales volume drops as a result of high competition in the market.

Cost of sales and service

The Company reported consolidated cost of sale and services for Q2/2013 of Baht 1,030 million, a decrease of Baht 82 million or 7.4% compared to Baht 1,112 million in Q2/2012 and a decrease of Baht 43 million or 4.0% from Baht 1,073 million in Q1/2013.

Total consolidated cost of sale and services for 1H/2013 was Baht 2,102 million, down by Baht 189 million or 8.2% from Baht 2,291 million for 1H/2012. For 1H/2013, total cost accounted for 58.9% of total sales and service income, down from 63.8% in 1H/2012.

Cost of sale of goods and rendering of services	Q2/13	Q1/13	Q2/12	%QoQ	%YoY	1H/13	1H/12	%YoY
Satellite and related services	882	910	937	-3.1%	-5.9%	1,792	1,954	-8.3%
Telephone and Internet access services *	129	124	108	4.0%	19.4%	253	209	21.1%
Media services **	30	48	77	-37.5%	-61.0%	77	153	-49.7%
Consolidation eliminations	(11)	(9)	(10)	-22.2%	-10.0%	(20)	(25)	20.0%
Total	1,030	1,073	1,112	-4.0%	-7.4%	2,102	2,291	-8.2%

* Include cost from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

** Include cost from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q2/2013 was Baht 882 million, a decrease of Baht 55 million or 5.9% from Baht 937 million in Q2/2012, and a decrease of Baht 28 million or 3.1% from Baht 910 million in Q1/2013.

For 1H/2013, cost relating to transponder leasing and related services was Baht 1,792 million, a decrease of Baht 162 million or 8.3% from Baht 1,954 million for 1H/2012 due to a decrease in cost relating to IPSTAR services, offset by an increase in cost relating to the Thaicom 5 satellite business.

Satellite and related services	Q2/13	Q1/13	Q2/12	%QoQ	%YoY	1H/13	1H/12	%YoY
Thaicom 5	266	272	254	-2.2%	4.7%	538	503	7.0%
IPSTAR	616	638	683	-3.4%	-9.8%	1,254	1,451	-13.6%
Total	882	910	937	-3.1%	-5.9%	1,792	1,954	-8.3%

- Cost relating to the Thaicom 5 satellite business was Baht 266 million, an increase of Baht 12 million or 4.7% from Baht 254 million in Q2/2012 mainly caused by cost of satellite equipment sold to broadcasting satellite operators.

Compared to the previous quarter, cost relating to the Thaicom 5 satellite business decreased by Baht 6 million from Baht 272 million on lower cost of sale of satellite equipment.

- Cost relating to the Thaicom 4 (IPSTAR) satellite was Baht 616 million, down by Baht 67 million or 9.8% from Baht 683 million in Q2/2012, and down by Baht 22 million or 3.4% from Baht 638 million in Q1/2013, primarily due to lower cost of UT sales following the UT sales drop, offset by higher operating agreement fee following the IPSTAR bandwidth revenue growth.

Cost of telephone and Internet access services

Cost relating to the telephone and Internet business in Lao PDR for Q2/2013 amounted to Baht 129 million, an increase of Baht 21 million or 19.4% from Baht 108 million in Q2/2012, due mainly to higher depreciation cost for its expanded telephone network.

Compared to Baht 124 million in Q1/2013, cost relating to the telephone and Internet business in Lao PDR increased by Baht 5 million or 4.0% due mainly to an increase in depreciation cost for its expanded telephone network, offset by a decrease in cost of interconnection charge and international sharing charge following the revenue drop.

Cost of media services

Cost relating to media business in Q2/2013 was Baht 30 million, down by Baht 47 million or 61.0% from Baht 77 million in Q2/2012, and down by Baht 18 million or 37.5% from Baht 48 million in Q1/2013 due to lower cost of sales of Dtv satellite dish and IRD box following the revenue drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 353 million in Q2/2013, an increase of Baht 52 million, or 17.3%, compared to Baht 301 million in Q2/2012 due mainly to higher marketing expenses, staff expenses, and administrative expenses for the satellite business, offset by lower marketing expenses of DTV.

Compared to Baht 406 million in the previous quarter, SG&A decreased by Baht 53 million or 13.1%, resulting from the reversal of bad debt provision for satellite customers, lower staff and administrative expenses for the satellite business, and lower administrative expenses for the telephone and Internet business in Lao PDR.

Loss on exchange rate

In Q2/2013, the Company reported a loss on foreign exchange of Baht 173 million. This was largely impacted by the revaluation of borrowings for the Thaicom 6 project as a result of the depreciation of the Thai Baht against the US dollar.

Finance costs

Finance costs totaled Baht 66 million in Q2/2013, down by Baht 44 million, or 40.0%, compared with Baht 110 million in Q2/2012. This was because of the repayment of the principal amount of Baht 3,300 million of the debentures on 6 November 2012, resulting in a decrease in debenture interests in Q2/2013 as compared to Q2/2012. Finance costs in Q2/2013 mostly comprised of interests on the debentures of Baht 3,700 million redeemable on 6 November 2014.

Share of profit of associates

Share of profit of associates in Q2/2013 was Baht 48 million, up by Baht 10 million or 26.3% from Baht 38 million in Q2/2012, due to a 25.3% increase in CSL's net profit over Q2/2012 mainly caused by the revenue growth, lower income tax expense, none of extraordinary expense in Q2/2013. CSL's revenue growth was contributed by revenues from Internet access and ICT services, publishing the Thailand YellowPages, and voice info services & mobile content.

Income tax expense

In Q2/2013, the Company reported income tax expense of Baht 49 million, down by Baht 5 million from Baht 54 million in Q2/2012.

Loss from discontinued operation, net of income tax

The Company's consolidated statements of income for the three-month periods ended 30 June 2013 and 30 June 2012 has separated Mfone's operating result under "Loss from discontinued operation, net of income tax" to show the discontinued operations separately from continuing operations. The Company has stopped recognizing net loss from Mfone's operation since 14 February 2013 (the date of loss of control), resulting to none of Mfone's net loss in Q2/2013 as compared to net loss of Baht 136 million in Q2/2012.

IV. Financial Position

At the end of Q2/2013, the Company reported total assets of Baht 24,839 million, a decrease of Baht 972 million or 3.8% from Baht 25,811 million at the end of 2012. This was mainly because of:

- Exclusion of the non-current assets held for abandonment from the consolidated balance sheet as of 30 June 2013 due to the loss of control over Mfone since 14 February 2013,
- Year-to-date accumulated depreciation and amortization of PP&E and PP&E under operating agreements,
Offset by
- Higher cash and cash equivalents.

THCOM's asset components

Assets	June 30, 2013		December 31, 2012	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	5,428	21.9	5,809	22.5
Investment in associates	490	2.0	456	1.8
PP&E, net	5,847	23.5	5,647	21.9
PP&E under the concession agreement, net	10,813	43.5	11,482	44.5

Liquidity

At the end of Q2/2013, the Company had a current ratio of 1.99x, up from 1.51x at the end of 2012 due mainly to higher cash and cash equivalents.

Investments in associate

Investment in CSL was presented as "investment in associate" item. At the end of Q2/2013 the Company's investment in CSL totaled Baht 490 million, an increase of Baht 34 million or 7.5% from Baht 456 million at the end of 2012, reflecting a proportionate recognition of CSL's net profit for 1H/2013 amounting to Baht 109 million, offset by a dividend income from CSL of Baht 75 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q2/2013 was Baht 5,847 million, an increase of Baht 200 million or 3.5% from Baht 5,647 million at the end of 2012. This was due mainly to:

- Additions to PP&E of Baht 487 million for 1H/2013 largely consisting of assets under construction for the Thaicom 6 project; offset by
- Accumulated depreciation and amortization of PP&E of Baht 313 million in 1H/2013.

PP&E under operating agreement

PP&E under operating agreement at the end of Q2/2013 was Baht 10,813 million, a decrease of Baht 669 million or 5.8% from Baht 11,482 million at the end of 2012 mostly due to depreciation expenses in 1H/2013.

Borrowings and Shareholders' equity

The Company's *net borrowings* at the end of Q2/2013 were Baht 7,406 million, an increase of Baht 245 million or 3.4% from Baht 7,161 million at the end of 2012, mainly attributable to proceeds from long-term loans for the Thaicom 6 project.

The Company's *shareholders' equity* at the end of Q2/2013 was Baht 14,362 million, an increase of Baht 123 million or 0.9% from Baht 14,239 million at the end of 2012, reflecting:

- Net profit for 1H/2013 of Baht 521 million,
- Translation gain relating to financial statements of foreign operations of Baht 40 million,
Offset by
- Dividends to owners of the Company of Baht 438 million.

With higher net borrowings and shareholders' equity for the six-month period ended 30 June 2013, the ratio of net borrowings to equity at the end of Q2/2013 was 0.52x, slightly up from 0.50x at the end of 2012.

Cash flow

Net cash flow provided by operating activities for 1H/2013 was Baht 1,962 million, down by Baht 268 million or 12.0% from Baht 2,230 million in 1H/2012, due mainly to higher payments from changes in operating assets and liabilities, offset by operational improvement for 1H/2013.

Net cash flow used in investing activities for 1H/2013 was Baht 402 million, mostly for the Thaicom 6 project. For 1H/2012, net cash flow used in investing activities was Baht 1,109 million.

Net cash flow used in financing activities for 1H/2013 was Baht 368 million mainly comprising of dividends paid to owners of the Company, interest payments most of which were debenture interests, offset by proceeds from long-term borrowings for the Thaicom 6 project. For 1H/2012, net cash flow provided by financing activities was Baht 93 million.

The Company had ending cash of Baht 3,483 million on 30 June 2013.

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.