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## I. Overview

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### *Performance overview*

Thaicom Plc ("the Company")'s consolidated revenue from sales of goods and rendering of services for Q2/2019 totaled Baht 1,217 million, decreased by Baht 278 million or 18.6% from Baht 1,495 million for Q2/2018, mainly due to a decrease of revenue from satellite services. The company's net profit (loss) for Q2/2019 was Baht (135) million. This was mainly from the extra expenses totaled of Baht 137 million that consist of a foreign exchange loss, an additional recognition of past service cost (additional compensation for employees) due to the Labor Protection Act (No. 7) B.E. 2562, and the written-off of deferred tax asset. The company has normalized net profit (loss) excluding the impacts of loss from such extra expenses of Baht 2 million.

Compared to Q1/2019, the Company's consolidated revenue from sales of goods and rendering of services decreased by Baht 86 million or 6.6% from Baht 1,303 million for Q1/2019, mainly contributed by revenue drop from satellite business. The Company's consolidated net profit (loss) decreased from Baht (33) million or Baht (0.03) per share and the normalized profit decreased from Baht 15 million for Q1/2019.

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## II. Business Summary

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### *Satellite and related Services*

The overall utilization rate as at the end of Q2/2019 of the Company's conventional satellites, the Thaicom 5, 6, 7 and 8, was 53%, same rate as at the end of Q1/2019. For broadband satellite, the Thaicom 4, the utilization rate was 24%, down from 31% as at the end of Q1/2019. This was mainly from the ramp down of foreign customers. New sales are a bit slow due to the uncertainty of continuing operation of satellites under concession. The company still aims to engage in a constructive cooperation with the Thai Government to enhance national security by joining a public-private partnership (PPP) model and open to discuss various forms of project collaboration to enhance the partnership.

In regards to adjacent new services, the Company has provided the service of NAVA platform for high-speed connectivity with value-added-services. At present, NAVA services are available to the Oil and Gas maritime sector in the Gulf of Thailand and South China Sea. Currently, the number of ships in operation, including backlog is 104 ships. In addition, Thaicom has also initiated consultancy and satellite system design services to target satellite service providers from government and private sectors who want to establish their satellite business and services. Such services are currently provided for Bangladesh's government and are expanding.

### *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 Q2/2019, Lao Telecommunications Co., Ltd. (LTC) had total mobile subscribers (excluded fixed wireless) of 1.45 million subscribers, still ranking No.1 with approximately 56.5% of total mobile's market share, up from 56.0% as at the end of Q1/2019.

### III. Consolidated Operating Results

#### Selected financial information of THCOM

Unit: Baht million	Amount			Changes		Amount		Change YoY (%)
	Q2/2019	Q1/2019	Q2/2018	QoQ (%)	YoY (%)	1H/19	1H/18	
Revenue from sales of goods and rendering of services	1,217	1,303	1,495	-6.6%	-18.6%	2,519	2,999	-16.0%
Cost of sales of goods and rendering of services	925	962	1,046	-3.8%	-11.5%	1,887	2,047	-7.8%
Other SG&A expenses	298	245	232	21.9%	28.4%	543	755	-28.0%
EBIT from continuing operations *	(7)	96	217	n/a	-103.3%	88	197	-55.1%
Depreciation and Amortization	452	452	478	-0.1%	-5.4%	904	956	-5.5%
EBITDA from continuing operations **	447	559	694	-20.1%	-35.7%	1,006	1,153	-12.8%
Share of profit of investment in joint venture	(13)	(5)	52	n/a	n/a	(17)	84	n/a
Other income from the sale of CSL's share	-	-	-	-	-	-	1,950	n/a
Profit (loss) for the period from continuing operations	(47)	44	251	n/a	n/a	(2)	2,103	n/a
Profit (loss) for the period from discontinued operation	-	-	-	-	-	-	30	n/a
Profit (loss) for the period	(135)	(33)	251	n/a	n/a	(168)	2,132	n/a
Profit (loss) attributable to: non-controlling interest	-	-	-	-	-	-	17	n/a
Profit (loss) attributable to owner of the Company	(135)	(33)	251	n/a	n/a	(168)	2,115	n/a
Foreign exchange gain/loss (net of tax)	(55)	(14)	55	n/a	n/a	(70)	36	n/a
Written-off of deferred tax asset	(40)	(26)	-	n/a	n/a	(66)	-	n/a
Recognition of past service cost (additional compensation for employees) due to the Labor Protection Act (No. 7) B.E. 2562 (net of tax)	(42)	-	-	n/a	n/a	(42)	-	n/a
Normalized profit***	2	15	193	-86.8%	-98.9%	17	184	-90.5%
Earnings (loss) per share (Baht)	(0.12)	(0.03)	0.23	n/a	n/a	(0.15)	1.93	n/a

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

\*\* EBITDA = EBIT + Depreciation and Amortization

\*\*\* Normalized profit = Profit (loss) attributable to owner of the Company – FX gain/loss (net of tax) – recognition of past service cost (net of tax) - written-off of deferred tax asset - other income from the sale of CSL's share after tax

#### Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q2/2019 was Baht 1,217 million, a decrease of 18.6% from Baht 1,495 million for Q2/2018, caused by the decrease of revenue from satellite business. Compared to Q1/2019, the consolidated revenue decreased by 6.6% from Baht 1,303 million, contributed by a drop of the satellite business.

For 1H/2019, the consolidated revenue from sales of goods and rendering of services totaled Baht 2,519 million decreased by 16.0% from Baht 2,999 million for 1H/2018, contributed by the decrease of both satellite and internet and media services.

Revenue from sales of goods and rendering of services Unit: Baht million	Q2/2019	Q1/2019	Q2/2018	QoQ (%)	YoY (%)	1H/19	1H/18	%YoY
Satellite and related services	1,189	1,278	1,465	-7.0%	-18.9%	2,467	2,927	-15.7%
Internet and media services*	47	39	44	20.5%	6.8%	86	101	-14.9%
Consolidation eliminations	(19)	(14)	(14)	35.7%	35.7%	(34)	(29)	13.8%
<b>Total</b>	<b>1,217</b>	<b>1,303</b>	<b>1,495</b>	<b>-6.6%</b>	<b>-18.6%</b>	<b>2,519</b>	<b>2,999</b>	<b>-16.0%</b>

\* Include revenue from sales and services generated by Thai AI, and CDN

### Satellite and related services

Revenue from satellite and related services for Q2/2019 was Baht 1,189 million, a decrease of 18.9% from Baht 1,465 million for Q2/2018, contributed by a decrease of both conventional and broadband satellite services. Compared to Q1/2019, the revenue decreased by 7.0% from Baht 1,278 million due to the broadband satellite service.

For half-year comparison, the revenue from satellite and related services for 1H/2019 was Baht 2,467 million, decreased by 15.7% from Baht 2,927 million for 1H/2018. This was contributed by a drop of revenue in both conventional and broadband satellite services.

Satellite and related services Unit: Baht million	Q2/2019	Q1/2019	Q2/2018	QoQ (%)	YoY (%)	1H/19	1H/18	%YoY
Conventional*	656	648	892	1.3%	-26.4%	1,304	1,778	-26.6%
Thaicom 4 Broadband	532	630	574	-15.5%	-7.3%	1,162	1,204	-3.5%
Services	495	554	530	-10.7%	-6.7%	1,049	1,065	-1.6%
Sales	38	76	44	-50.6%	-14.4%	114	85	33.8%
<b>Total</b>	<b>1,189</b>	<b>1,278</b>	<b>1,465</b>	<b>-7.0%</b>	<b>-18.9%</b>	<b>2,467</b>	<b>2,927</b>	<b>-15.7%</b>

\* Includes the Thaicom 5 6 7 and 8 satellites

- Revenue from the conventional satellites and related services for Q2/2019 was Baht 656 million, decreased by 26.4% from Baht 892 million for Q2/2018. This was due mainly from the extension of a long-term contract for a major customer in Thailand, which THCOM has provided a discount to the existing contract. Likewise, the revenue from the conventional satellites and related services for 1H/2019 was Baht 1,304 million, dropped by 26.6% from Baht 1,778 million for 1H/2018.

However, compared to the previous quarter, the revenue from the conventional satellites and related services increased by 1.3% from Baht 648 million for Q1/2019, mainly from revenue from sales.

- Revenue from the Thaicom 4 Broadband Satellite and related services was Baht 532 million for Q2/2019, decreased by 7.3% from Baht 574 million for Q2/2018 following the drop of utilization due to the churn of foreign customers. Accordingly, the revenue for 1H/2019 also decreased by 3.5% from Baht 1,204 million for 1H/2018 to Baht 1,162 million for 1H/2019.

Compared to the previous quarter, the Broadband revenue decreased by 15.5% from Baht 630 million for Q1/2019, which also due to the ramp down of foreign customers.

### Internet and media services

The Company's revenue from Internet and media services currently comes from CDN and Thai AI. For Q2/2019, the revenue was Baht 47 million, up by 6.8% compared to Baht 44 million for Q2/2018 and also increased by 20.5% compared to Baht 39 million for Q1/2019. The revenue growth in this quarter was from the sales from Thai AI.

For 1H/2019, the revenue from Internet and media services was Baht 86 million, down by 14.9% from Baht 101 million for 1H/2018 mainly because of the decrease of CDN's revenue from sales of satellite receiver sets due to a high competition 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 Q2/2019 of Baht 925 million, decreased by 11.6% compared to Baht 1,046 million for Q2/2018, corresponding to the half year comparison, the cost for 1H/2019 was Baht 1,887 million which decreased by 7.9% from Baht 2,049 million for 1H/2018. This was due mainly to the decrease in depreciation expense after the recognition of satellite assets impairment in Q4/2018 and also the decrease of revenue.

Compared to Q1/2019, the cost of sales of goods and rendering of services decreased by 3.8% from Baht 962 million for Q1/2019 mainly from the satellite and related services.

Cost of sales of goods and rendering of services Unit: Baht million	Q2/2019	Q1/2019	Q2/2018	QoQ (%)	YoY (%)	1H/19	1H/18	%YoY
Satellite and related services	903	939	1,022	-3.8%	-11.6%	1,842	2,003	-8.0%
Internet and media businesses*	41	37	38	10.8%	7.9%	78	84	-7.1%
Consolidation eliminations	(19)	(14)	(14)	35.7%	35.7%	(33)	(38)	-13.2%
<b>Total</b>	<b>925</b>	<b>962</b>	<b>1,046</b>	<b>-3.8%</b>	<b>-11.6%</b>	<b>1,887</b>	<b>2,049</b>	<b>-7.9%</b>

\* Include cost from sales and services generated by Thai AI, and CDN

### Cost of satellite and related services

Cost relating to satellite and related services for Q2/2019 was Baht 903 million decreased by 11.6% from Baht 1,022 million for Q2/2018. Likewise, for 1H/19, the cost of relating to satellite and related services was Baht 1,842 million, which decreased by 8.0% from Baht 2,003 million for 1H/18 due to the decrease of cost relating to conventional satellites.

Cost relating to satellite and related services for Q2/2019 also decreased 3.8% compared to Baht 939 million for Q1/2019.

Satellite and related services Unit: Baht million	Q2/2019	Q1/2019	Q2/2018	QoQ (%)	YoY (%)	1H/19	1H/18	%YoY
Conventional*	489	481	604	1.7%	-18.9%	969	1,186	-18.2%
Thaicom 4 Broadband	414	458	418	-9.6%	-1.1%	873	817	6.8%
<b>Total</b>	<b>903</b>	<b>939</b>	<b>1,022</b>	<b>-3.8%</b>	<b>-11.6%</b>	<b>1,842</b>	<b>2,003</b>	<b>-8.0%</b>

\* Includes the Thaicom 5 6 7 and 8 satellites

- Cost relating to the conventional satellites and related services was Baht 489 million for Q2/2019, decreased by 18.9% compared with Baht 604 million for Q2/2018, mainly from the decrease of the revenue sharing to government following the revenue drop, together with the decrease of depreciation expense. Likewise, for half-year comparison, the cost relating to the conventional satellites and related services decreased by 18.2% from Baht 1,186 million in 1H/18 to Baht 969 million in 1H/19.

Compared to the previous quarter, the cost of Q2/2019 slightly increased by 1.7% from Baht 481 million for Q1/2019, mainly from the cost of sale

- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q2/2019 was Baht 414 million, decreased by 1.1% from Baht 418 million for Q2/2018, following the revenue dropped. However, for half-year comparison, the cost relating to the Thaicom 4 Broadband Satellite and related services increased by 6.8% from Baht 817 million in 1H/18 to Baht 873 million in 1H/19, despite the revenue dropped. This was mainly from a higher UT sale that contributed a lower margin.

Compared to the previous quarter, the cost relating to the Thaicom 4 Broadband Satellite and related services of Q2/2019 decreased by 9.6% from Baht 458 million for Q1/2019 following the revenue dropped.

### Cost of Internet and media services

Cost relating to the Internet and media services for Q2/2019 amounted to Baht 41 million, an increase of 7.9% from Baht 38 million for Q2/2018 and 10.8% from Baht 37 million for Q1/2019 were following an increase in revenue.

### Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, were Baht 298 million for Q2/2019. An increase of 28.4% from Baht 232 million for Q2/2018 and an increase of 21.9% from Baht 245 for Q1/2019 were due mainly to a recognition of past service cost from the Labor Protection Act (No. 7) B.E. 2562 which is an one-time recognition item.

### Finance costs

Finance costs totaled Baht 82 million for Q2/2019, decreased 4.9% from Baht 86 million for Q2/2018 due mainly to the loan repayment.

### Share of profit of investment in joint venture

Share of profit (loss) of investment in joint venture was Baht (13) million for Q2/2019, decreased from Baht 52 million for Q2/2018 mainly due to a high competition of mobile operators in Laos PDR and also the impact of baht appreciation, which resulting to the drop of the share of profit.

### Net profit

The company's net profit (loss) for Q2/2019 was Baht (135) million. This was mainly from the extra expenses totaled of Baht 137 million that consist of a foreign exchange loss, an additional recognition of past service cost (additional compensation for employees) due to the Labor Protection Act (No. 7) B.E. 2562, and the written-off of deferred tax asset. The company has normalized net profit (loss) excluding the impacts of loss from such extra expenses of Baht 2 million.

## IV. Financial Position

As at the end of Q2/2019, the Company reported total assets of Baht 21,692 million, decreased by 2.3% 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	June 30, 2019		December 31, 2018	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	10,552	48.6%	9,679	43.6%
Property, plant and equipment	4,582	21.1%	4,815	21.7%
Intangible assets under operating agreement	2,405	11.1%	3,007	13.5%

### Trade and other receivables

As at the end of Q2/2019, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 1,635 million (or 7.5% of total assets), comprising of receivables from other parties and related parties, representing 96% and 4% of total trade accounts receivable and accrued income, respectively.

### Liquidity

As at the end of Q2/2019, the Company had a current ratio of 2.59x, 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 Q2/2019 was Baht 11,144 million, a decrease of 11.0% 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 Q2/2019 were Baht 6,693 million, a decrease of 4.7% from Baht 7,023 million as at the end of 2018, mainly attributable to long-term loans repayment of borrowings for the satellite projects.

The Company's shareholders' equity as at the end of Q2/2019 was Baht 12,890 million, slightly decreased by 1.9% from Baht 13,137 million as at the end of 2018, mainly reflecting from consolidated net loss.

As at the end of Q2/2019, 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 1H/2019 was Baht 925 million, a decrease of 32.2% from Baht 1,364 million for 1H/2018, due mainly to the decrease of operating profit.

*Net cash provided (used) by investing activities* for 1H/2019 was Baht (299) million, most of which were cash used for current investment.

*Net cash provided (used) in financing activities* for 1H/2019 was Baht (427) million, mainly comprising of the loans repayment.

The Company had ending cash and cash equivalents of Baht 3,029 million and held current investment of Baht 4,624 million as at the end of Q2/2019.

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.