

I. Overview

Performance overview

Thaicom Plc (the Company) reported the consolidated revenue from sales of goods and rendering of services for Q3/2020 at Baht 918 million, decreased by Baht 270 million or 22.7% from Baht 1,188 million for Q3/2019, mainly due to a drop of revenue from conventional and broadband satellite services. Compared to Q2/2020, the Company's consolidated revenue from sales of goods and rendering of services rose by Baht 45 million or 5.2% from Baht 873 million, mainly contributed by an increase of revenue from conventional satellite service.

The company reported the net profit for Q3/2020 at Baht 77 million or 0.07 Baht per share, improved from the net loss of Baht (113) million or (0.10) Baht per share for Q3/2019. This was resulted from the decrease of depreciation from Thaicom 5 satellite de-orbit and the impairment of other satellites in 2019, together with foreign exchange gain. While compared with Q2/2020, the consolidated net profit decreased from Baht 498 million or 0.45 Baht per share. The net profit for this quarter dropped since the extra item from the compensation income was recognized in Q2/2020.

II. Business Summary

Satellite and related Services

The overall utilization rate as at the end of Q3/2020 of the Company's conventional satellites, the Thaicom 6, 7 and 8, was 65%, slightly increased from 63% as at the end of Q2/2020. This was mainly from an increase of bandwidth consumption from foreign customers. For broadband satellite or the Thaicom 4, the utilization rate was 19%, remained steady while compared with the end of Q2/2020.

Internet and media Services

The revenue from Internet and media services solely comes from Thai Advance Innovation Co., Ltd (Thai AI), comprise of the sale of set-top-boxes and related equipment, including the sale and rental services for Internet platform such as IPTV channels, video streaming, eSport and LOOX TV.

Telephone business abroad

As of the end of Q3/2020, Lao Telecommunications Public Company (LTC), including TPLUS Digital Company Limited (TPLUS) had total mobile subscribers (excluded fixed wireless) of 1.59 million subscribers, mainly due to an increase of TPLUS subscribers. The market share was still ranking No.1 with approximately 62.4% of total mobile's market share, increased from 60.9% as at the end of Q3/2019.

III. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount			Changes		Amount		Change YoY (%)
	Q3/2020	Q2/2020	Q3/2019	QoQ (%)	YoY (%)	9M/20	9M/19	
Revenue from sales of goods and rendering of services	918	873	1,188	5.2%	-22.7%	2,756	3,707	-25.7%
Cost of sales of goods and rendering of services	(736)	(662)	(925)	11.1%	-20.4%	(2,070)	(2,812)	-26.4%
Normal SG&A expenses ⁽¹⁾	(191)	(197)	(281)	-3.1%	-32.0%	(599)	(824)	-27.3%
EBIT from normal operations	(8)	14	(17)	n/a	-49.9%	87	72	21.70%
Total other incomes ⁽²⁾	39	768	98	-94.9%	-60.4%	874	260	235.9%
Gain (loss) from foreign exchange	97	(223)	(18)	n/a	n/a	112	(89)	n/a
Loss from asset impairment and write-off ⁽³⁾	-	-	-	n/a	n/a	(98)	-	n/a
EBIT from operations	127	559	63	-77.2%	102.9%	974	243	301.3%

Unit: Baht million	Amount			Changes		Amount		Change YoY (%)
	Q3/2020	Q2/2020	Q3/2019	QoQ (%)	YoY (%)	9M/20	9M/19	
EBITDA from operations ⁽⁴⁾	345	348	438	-1.0%	-21.4%	1,004	1,444	30.4%
Share of profit of investment in joint venture	2	17	1	-87.2%	112.3%	23	(16)	n/a
Financial costs	(48)	(47)	(82)	1.5%	-41.7%	(147)	(247)	-40.3%
Profit (loss) attributable to owner of the Company	77	498	(113)	-84.6%	n/a	772	(281)	n/a
Earnings (loss) per share (Baht)	0.07	0.45	(0.10)	-84.6%	n/a	0.70	(0.26)	n/a
Extra items – net of tax - Loss from asset impairment and write-off - Gain (loss) from foreign exchange - Written-off of deferred tax asset - Compensation income	97	496	(54)	-80.4%	n/a	733	(240)	n/a
Normalized profit	(21)	2	(59)	n/a	-65.3%	39	(42)	n/a

- (1) Normal SG&A expenses were selling and administrative expenses, including directors and management benefit expenses.
- (2) Total other incomes for Q2/2020 mostly comprised of compensation income.
- (3) The loss from asset write-off of Baht 98 million in Q1/2020 was from the write-off of advance payment of the satellite life-extension service.
- (4) Exclude other incomes, gain (loss) from foreign exchange, asset impairment and write-off.

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q3/2020 was Baht 918 million, a decrease of 22.7% from Baht 1,188 million for Q3/2019 as the decline of revenue from satellite services and Internet and media services. While compared to Q2/2020, an increased revenue from Baht 873 million or 5.2%, caused by an increase of revenue from satellite business.

For 9M/2020, the consolidated revenue from sales of goods and rendering of services totaled Baht 2,756 million, decreased by 25.7% from Baht 3,707 million for 9M/2019, contributed by the decrease of both satellite services and Internet and media services.

Revenue from sales of goods and rendering of services Unit: Baht million	Q3/2020	Q2/2020	Q3/2019	QoQ (%)	YoY (%)	9M/20	9M/19	%YoY
Satellite and related services	915	872	1,174	5.0%	-22.0%	2,750	3,640	-24.5%
Internet and media services	9	7	28	28.6%	-67.9%	23	114	-79.8%
Consolidation eliminations	(6)	(6)	(14)	0.0%	-57.1%	(17)	(47)	-63.8%
Total	918	873	1,188	5.2%	-22.7%	2,756	3,707	-25.7%

Satellite and related services

Revenue from satellite and related services for Q3/2020 was Baht 915 million, a drop of 22.0% from Baht 1,174 million for Q3/2019, in accordance with a decrease of both conventional and broadband satellite services. Compared to Q2/2020, the revenue increased by 5.0% from Baht 872 million due to the increased revenue from conventional satellite service.

The revenue from satellite and related services for 9M/2020 was Baht 2,750 million, declined by 24.5% from Baht 3,640 million for 9M/2019. This was contributed by a drop of revenue in both conventional and broadband satellite services.

Satellite and related services Unit: Baht million	Q3/2020	Q2/2020	Q3/2019	QoQ (%)	YoY (%)	9M/20	9M/19	%YoY
Conventional*	577	533	664	8.4%	-13.0%	1,652	1,969	-16.1%
Thaicom 4 Broadband	338	339	510	-0.3%	-33.8%	1,098	1,671	-34.3%
Services	333	336	440	-0.9%	-24.3%	1,064	1,488	-28.5%
Sales	5	2	70	90.0%	-93.4%	34	183	-81.5%
Total	915	872	1,174	5.0%	-22.0%	2,750	3,640	-24.5%

* Includes the Thaicom 5 6 7 and 8 satellites and rental satellites. The Thaicom 5 satellite was de-orbited on 26 February 2020.

- Revenue from the conventional satellites and related services for Q3/2020 was Baht 577 million, decreased by 13.0% from Baht 664 million for Q3/2019. This was mainly due to the loss of customers affected from the Thaicom 5 satellite de-orbit, together with lower usages of broadcast customers. While compared to Q2/2020, the revenue from the conventional satellites and related services increased by 8.4% from Baht 533 million, mainly from a rise of consumption from foreign customers, including an increase of sale project which was an occasional service.

For 9M/2020, the revenue from the conventional satellites and related services was Baht 1,652 million, dropped by 16.1% from Baht 1,969 million for 9M/2019.

- Revenue from the Thaicom 4 Broadband Satellite and related services was Baht 338 million for Q3/2020, decreased by 33.8% from Baht 510 million for Q3/2019 due to the ramp down of utilization from foreign customers. The broadband revenue remained steady in comparison with Q2/2020 of Baht 339 million.

Owing to the drop of foreign customers, the revenue from the Thaicom 4 Broadband Satellite and related services for 9M/2020 was Baht 1,098 million, decreased by 34.3% from Baht 1,671 million for 9M/2019.

Internet and media services

For Q3/2020, the revenue from Internet and media services was Baht 9 million, decreased by 67.9% from Baht 28 million for Q3/2019. This was mainly from the divestment of Cambodian DTV Network Company Limited (CDN) in 2019. The revenue from Internet and media services increased by 28.6% as compared to Q2/2020, due mainly to an increase of rental services for eSport platform.

For 9M/2020, the revenue from Internet and media services was Baht 23 million, down by 79.8% from Baht 114 million for 9M/2019.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q3/2020 of Baht 736 million, decreased by 20.4% compared to Baht 925 million for Q3/2019 as a result of the decrease of revenue from satellite service and Internet and media services. While compared to Q2/2020, the cost of sales of goods and rendering of services increased by 11.1% from Baht 662 million, affected from cost of conventional satellites service.

The cost relating to both conventional and broadband satellites for 9M/2020 was Baht 2,070 million, decreased by 26.4% from Baht 2,812 million for 9M/2019. This was due mainly to the lower revenue from both satellite services and Internet and media services.

Cost of sales of goods and rendering of services Unit: Baht million	Q3/2020	Q2/2020	Q3/2019	QoQ (%)	YoY (%)	9M/20	9M/19	%YoY
Satellite and related services	738	665	912	11.0%	-19.1%	2,078	2,754	-24.5%
Internet and media businesses	4	3	28	33.3%	-85.7%	11	106	-89.6%
Consolidation eliminations	(6)	(6)	(15)	-3.1%	-61.2%	(19)	(48)	-60.4%
Total	736	662	925	11.1%	-20.4%	2,070	2,812	-26.4%

Cost of satellite and related services

Cost relating to satellite and related services for Q3/2020 was Baht 738 million, decreased by 19.1% from Baht 912 million for Q3/2019, mainly due to the decrease of revenue from satellite and related services, together with a decline of depreciation following the impairment of satellite assets and equipment both conventional and broadband service in 2019. Whereas, the cost relating to satellite and related services for Q3/2020 increased by 11.0% compared to Baht 665 million for Q2/2020 from cost relating to the conventional satellite.

For 9M/2020, the cost relating to satellite and related services was Baht 2,078 million, decreased by 24.5% from Baht 2,754 million for 9M/2019 due to a decrease of cost relating to both conventional and broadband satellites.

Satellite and related services Unit: Baht million	Q3/2020	Q2/2020	Q3/2019	QoQ (%)	YoY (%)	9M/20	9M/19	%YoY
Conventional*	411	340	496	20.8%	-17.2%	1,099	1,465	-25.0%
Thaicom 4 Broadband	327	324	416	0.9%	-21.3%	978	1,289	-24.1%
Total	738	665	912	11.0%	-19.1%	2,078	2,754	-24.5%

* Includes the Thaicom 5 6 7 and 8 satellites and rental satellites. The Thaicom 5 satellite was de-orbited on 26 February 2020.

- Cost relating to the conventional satellite and related services for Q3/2020 was Baht 411 million, decreased by 17.2% from Baht 496 million in Q3/2019, mainly caused from a decline of the revenue sharing to government following a drop in revenue, including the decrease of depreciation expense. Compared to Q2/2020, the cost of conventional satellite and related services increased by 20.8% from Baht 340 million, following the increased cost of sale from project sale for domestic customer, including cost of service for foreign customer, which was occasional services.

For 9M/2020, the cost relating to the conventional satellites and related services decreased by 25.0% from Baht 1,465 million in 9M/2019 to Baht 1,099 million in 9M/2020.

- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q3/2020 was Baht 327 million, decreased by 21.3% from Baht 416 million for Q3/2019 due to the revenue dropped, together with the lower of depreciation expense from the impairment of assets and equipment in 2019. In comparison with the previous quarter, the cost relating to the Thaicom 4 Broadband Satellite and related services of Q3/2020 remained steady.

For 9M/2020, the cost relating to the Thaicom 4 Broadband Satellite and related services was Baht 978 million, down by 24.1% from Baht 1,289 million in 9M/2019, corresponding to a drop of revenue from sales of goods and rendering of services.

Cost of Internet and media services

Cost relating to the Internet and media services for Q3/2020 was Baht 4 million, declined by 85.7% from Baht 28 million for Q3/2019 as a result of the divestment of CDN. While compared with Q2/2020, the cost increased by 33.3% from Baht 3 million to Baht 4 million in consequence of the higher revenue from Internet and media services.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 191 million for Q3/2020. A drop of 32.0% from Baht 281 million for Q3/2019, was mainly due to a decline of staff and marketing expenses. Compared to the previous quarter, the SG&A expenses decreased by of 3.1% from Baht 197 million for Q2/2020 owing to the reversal of doubtful debt.

The company's SG&A expenses has continuously decreased as a result of effective cost control for both marketing and administrative expenses.

Finance costs

Finance costs for Q3/2020 was Baht 48 million, decreased by 41.7% from Baht 82 million as at Q3/2019 due to repayment of debenture in Q4/2019, together with the repayment of long-term loans following the payment schedule.

Share of profit of investment in joint venture

Share of profit of investment in joint venture was Baht 2 million for Q3/2020, improved from Baht 1 million for Q3/2019 on account of an increase of LTC's market share, together with the relief of price war. The share of profit decreased from Baht 17 million Q2/2020, mainly due to flooding in south of Laos during July 2020, including a decrease of net profit resulting from loss of foreign exchange from US appreciation against Laotian Kip.

Net profit

The company's net profit for Q3/2020 was 77 Baht million, improved from the net loss for Q3/2019 of Baht (113) million. This was resulted from the decrease of depreciation from Thaicom 5 satellite de-orbit and the impairment of other satellites in 2019, together with the gain of foreign exchange from Baht depreciation against USD. Compared to Q2/2020, the net profit significantly decreased from Baht 498 million, mainly from the decrease of other revenue from extra items, which was from compensation income in Q2/2020.

The company has normalized net profit (loss) from operation excluding the extra items i.e., foreign exchange and asset impairment and write-off, of Baht (21) million for Q3/2020, improved from Baht (59) million for Q3/2019 due to the decrease of cost of services and financial costs from debenture repayment in 2019. While compared to normalized profit for Q2/2020, the normalized profit decreased from an increasing cost of sale from occasional services.

IV. Financial Position

As at the end of Q3/2020, the Company reported total assets of Baht 17,115 million, increased by 0.6% from Baht 17,011 million as at the end of 2019. This was mainly caused by the increase of other current financial assets, trade and other current receivables, and the recognition of the assets usage right according to TFRS16 Leases adopting.

THCOM's asset components

Assets Unit: Baht million	30 th September 2020		31 st December 2019	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	9,469	55.3%	8,460	49.7%
Property, plant and equipment	3,058	17.9%	3,313	19.5%
Intangible assets under operating agreement	764	4.5%	1,366	8.0%

Trade and other receivables

As at the end of Q3/2020, the Company had net trade and other current receivables of Baht 2,183 million (or 12.8% of total assets), an increase of 15.5% from Baht 1,890 million as at the end of 2019, mainly due to the delayed payment of foreign government entity.

Liquidity

As at the end of Q3/2020, the Company had a current ratio of 7.02x, increased from 5.54x as at the end of 2019, due mainly to a rise of other current financial assets, which was a current investment from net cash from operating activities, including the increase of trade payables.

Non-current assets

Total non-current assets as at the end of Q3/2020 was Baht 7,646 million, a decrease of 10.6% from Baht 8,551 million as at the end of 2019. This was mainly from the depreciation and amortization of PP&E and the intangible assets.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q3/2020 were Baht 4,032 million, a decrease of 4.1% from Baht 4,203 million as at the end of 2019, mainly attributable to long-term loans repayment of borrowings for the satellite projects.

The Company's shareholders' equity as at the end of Q3/2020 was Baht 11,566 million, increased by 5.2% from Baht 10,995 million as at the end of 2019, reflected from an increase of consolidated net profit.

As at the end of Q3/2020, the ratio of net borrowings to equity was 0.35x, slightly decreased from 0.38x as at the end of 2019.

Cash flows

Net cash provided by operating activities for 9M/2020 was Baht 1,362 million, an increase of 36.3% from Baht 999 million for 9M/2019, due mainly to the increase of operating profit.

Net cash provided (used) by investing activities for 9M/2020 was Baht (1,004) million, most of which were the increase of current financial assets.

Net cash provided (used) in financing activities for 9M/2020 was Baht (839) million, mainly comprising of the loan and dividend payment.

The Company had ending cash and cash equivalents, including the current investment or current financial assets, of Baht 6,275 million as at the end of Q3/2020

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.