
I. Overview

Performance overview

Thaicom Plc (the Company or THCOM)'s consolidated revenue from sales of goods and rendering of services for Q1/2020 was Baht 965 million, decreased by 26% from Baht 1,303 million for Q1/2019, due to the decrease of revenue from satellite and related services from both conventional and broadband satellites, and also the drop of internet and media services from sale of investment of Cambodian DTV Network Limited (CDN) in 2019. Comparing with Q4/2019, the consolidated revenue from sales of goods and rendering of services gradually increased by 0.9%, mainly contributed by the increase of revenue from broadband service.

The Company reported net profit for Q1/2020 at Baht 198 million, resulting the profit from operation, together with the gain from foreign exchange, offsetting with the loss from asset write-off. The normalized profit (loss) from operation was at Baht 105 million for Q1/2020, significantly improved from Bath (4) million for Q1/2019 and Baht (271) million for Q4/2019, due to the decrease of depreciation from Thaicom 5 satellite de-orbit and the impairment of other satellites in 2019, and the effective cost management.

The Thaicom 5 satellite was de-orbited on 26 February 2020. The effect of revenue loss from the Thaicom 5's customers which could not be migrated to other satellites under the Company's services was estimated around Baht 200 million per annum, which was recognized since March 2020 onwards.

The COVID-19 had not yet affect the Company's Q1/2020 performance. The transponder services provided to broadcast customers and internet providers did not diminish from this situation. However, it may affect THCOM indirectly in the future if the situation prolongs that it affects our customers' business.

II. Business Summary

Satellite and related Services

Starting on 17 December 2019 continuously to the beginning of the year 2020, the Thaicom 5 satellite had experienced a technical incident on the status notification system, resulted in technical limitations to monitor the status of the satellite. The Company, together with the manufacturer of the satellite, attempted to restore the system but not successful. To ensure the service continuity, the Company migrated all relevant customers out of the satellite and eventually, to comply with the manufacturer's opinion, the Thaicom 5 satellite was de-orbited on 26 February 2020.

Most of the Thaicom 5 satellite's customers were migrated to Thaicom's other satellites and also the rented ones, although some cannot be migrated, i.e., some foreign and retail customers. The key customers and television networks on Thaicom 8 and Thaicom 6, i.e., True Visions, Distance Learning Television (DLTV) and Must Carry Channels of Digital Terrestrial Television (DTT), have not been impacted from such incident.

Since the Thaicom 5 satellite was no longer in operation, the utilization rate of the conventional satellites was adjusted from total capacity of 111 transponders to 71 transponders. The committed utilization for conventional satellites, Thaicom 6, Thaicom 7 and Thaicom 8, as at the end of Q1/2020 was 65%.

For broadband satellite, the Thaicom 4, the utilization rate was 21%, down from 23% as at the end 2019, mainly from the decrease of bandwidth consumption from foreign customers.

Internet and media Services

The revenue from internet and media services comes from Thai Advance Innovation Co., Ltd (Thai AI), which are the income from 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 Q1/2020, Lao Telecommunications Public Company (LTC), including TPLUS Digital Company Limited (TPLUS) had total combined mobile subscribers (excluded fixed wireless) of 1.69 million subscribers, ranking No.1 with approximately 62.5% of total mobile's market share, increase from 61.1% as at the end of 2019.

III. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount			Changes	
	Q1/2020	Q4/2019	Q1/2019	QoQ (%)	YoY (%)
Revenue from sales of goods and rendering of services	965	956	1,303	0.9%	-26.0%
Cost of sales of goods and rendering of services	(671)	(859)	(962)	-21.9%	-30.2%
Normal SG&A expenses ⁽¹⁾	(212)	(216)	(220)	-2.0%	-3.6%
EBIT from normal operations	82	(119)	121	n/a	-32.5%
Total other incomes ⁽²⁾	67	86	52	-22.1%	28.2%
Gain (loss) from foreign exchange	238	(39)	(16)	n/a	n/a
Loss from asset impairment and write-off ⁽³⁾	(98)	(1,614)	-	-93.9%	n/a
EBIT from operations	288	(1,686)	157	n/a	83.0%
EBITDA from operations ⁽⁴⁾	312	321	559	-2.8%	-44.2%
Share of profit of investment in joint venture	3	(100)	(5)	n/a	n/a
Financial costs	(53)	(53)	(83)	-0.9%	-36.5%
Reversal of loss on impairment (loss on impairment) based on Thai Financial Reporting Standards No.9 ⁽⁵⁾	6	20	(25)	-71.0%	n/a
Profit (loss) attributable to owner of the Company	198	(1,969)	(33)	n/a	n/a
Earnings (loss) per share (Baht)	0.18	(1.80)	(0.03)	n/a	n/a
Extra items – net of tax					
- Loss from asset impairment and write-off	93	(1,698)	(29)	n/a	n/a
- Gain (loss) from foreign exchange					
- Written-off of deferred tax asset					
Normalized profit	105	(271)	(4)	n/a	n/a

- (1) Normal SG&A expenses were selling and administrative expenses, including directors and management benefit expenses.
- (2) Total other incomes comprised of other income, interest income and financial income.
- (3) The loss from asset write-off of Baht 98 million in Q1/2020 was from the advance payment of the life-extension service for the Thaicom 5 satellite, whereas the loss from impairment of Baht 1,614 million in Q4/2019 was mainly from satellite assets.
- (4) Exclude other incomes, gain (loss) from foreign exchange, asset impairment and write-off.
- (5) Reversal of loss on impairment (loss on impairment) based on Thai Financial Reporting Standards No.9 was from bad debts and doubtful accounts.

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q1/2020 was Baht 965 million. A decrease of 26% from Baht 1,303 million for Q1/2019 caused by a drop in revenue from both satellite and internet and media services. While comparing with Q4/2019, a slight increase of revenue of 0.9% from Baht 956 million for Q4/2019 affected by a rise of revenue from satellite services.

Revenue from sales of goods and rendering of services Unit: Baht million	Q1/2020	Q4/2019	Q1/2019	% QoQ	% YoY
Satellite and related services	963	954	1,278	1.0%	-24.6%
Internet and media services	7	8	39	-17.4%	-82.1%
Consolidation eliminations	(5)	(6)	(14)	-15.4%	-64.3%
Total	965	956	1,303	0.9%	-26.0%

Satellite and related services

Revenue from satellite and related services for Q1/2020 was Baht 963 million, a decline of 24.6% from Baht 1,278 million for Q1/2019 contributed by a decrease of both conventional and broadband satellite services. Meanwhile an increase of 1% from Baht 954 million for Q4/2019 mainly rose from broadband satellite sales.

Satellite and related services Unit: Baht million	Q1/2020	Q4/2019	Q1/2019	% QoQ	% YoY
Conventional*	541	567	648	-4.6%	-16.5%
Thaicom 4 Broadband	422	387	630	9.1%	-33.1%
Services	395	384	554	2.7%	-28.8%
Sales	27	2	76	996.5%	-64.5%
Total	963	954	1,278	1.0%	-24.6%

* Includes the Thaicom 5, 6, 7, 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 Q1/2020 was Baht 541 million, dropped by 16.5% from Baht 648 million for Q1/2019. This was due mainly to broadcast customers churn during 2019, together with the loss of customer affected from the Thaicom 5 satellite de-orbit. The revenue also dropped by 4.6% compared with Baht 567 million for Q4/2019, resulting from Thaicom 5 incident. The effect of revenue loss from the Thaicom 5's customers which could not be migrated to other satellites under the Company's services was fully recognized in March 2020 upon the de-orbit of Thaicom 5 on 26 February 2020.
- Revenue from the Thaicom 4 broadband satellite and related services for Q1/2020 was Baht 422 million, decreased by 33.1% from Baht 630 million for Q1/2019 due to the ramp down of utilization from foreign customers. Comparing with Q4/2019, an increase of 9.1% from Baht 387 million was mainly from the rise of occasional service from domestic customer, together with the effect from Thai Baht depreciation against US Dollar.

Internet and media services

For Q1/2020, the revenue was Baht 7 million, decreased by 82.1% compared to Baht 39 million for Q1/2019. This was mainly from the sale of investment in CDN in 2019. The revenue from internet and media services was not significantly different compared to Q4/2019.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q1/2020 of Baht 671 million, decreased by 30.2% compared to Baht 962 million for Q1/2019 and also dropped 21.9% compared to Baht 859 million for Q4/2019 as a result of the decrease of revenue from satellite business and internet and media services and also the decrease of depreciation expense after the recognition of satellite assets impairment in 2019.

Cost of sales of goods and rendering of services Unit: Baht million	Q1/2020	Q4/2019	Q1/2019	% QoQ	% YoY
Satellite and related services	674	859	939	-21.5%	-28.2%
Internet and media services	3	6	37	-47.1%	-91.9%
Consolidation eliminations	(6)	(6)	(14)	-6.1%	-59.8%
Total	671	859	962	-21.9%	-30.2%

Cost of satellite and related services

Cost relating to satellite and related services for Q1/2020 was Baht 674 million, decreased by 28.2% from Baht 939 million for Q1/2019 and also a decrease of 21.5% compared to Baht 859 million for Q4/2019, mainly due to the decrease of depreciation and amortization of satellite assets. This was reflected from the impairment of satellite assets and equipment both conventional and broadband service in 2019.

Satellite and related services Unit: Baht million	Q1/2020	Q4/2019	Q1/2019	% QoQ	% YoY
Conventional*	347	484	481	-28.2%	-27.8%
Thaicom 4 Broadband	327	375	458	-13.0%	-28.7%
Total	674	859	939	-21.5%	-28.2%

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

- Cost relating to the conventional satellites and related services was Baht 347 million for Q1/2020, decreased by 27.8% compared with Baht 481 million for Q1/2019 and dropped by 28.2% from Baht 484 million for Q4/2019, due mainly to a decrease of revenue sharing to government following a decline in revenue, together with a drop of depreciation expense, offsetting with the increase of cost of transponder rental from foreign satellites to provide services to the Thaicom 5's customers and migration cost incurred in Q1/2020.
- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q1/2020 was Baht 327 million, a drop of 28.7% compared with Baht 458 million for Q1/2019 following a lower income, together with the drop of depreciation expense from the impairment of asset and equipment in 2019. Comparing with the previous quarter, the cost decreased by 13% from Baht 375 million for Q4/2019 due to the decrease of depreciation.

Cost of internet and media services

Cost relating to the internet and media services for Q1/2020 was Baht 3 million, a decrease of 91.9% from Baht 37 million for Q1/2019, mainly due to the sale of investment in CDN. The cost also dropped 47.1% from Baht 6 million for Q4/2019 due to effective cost management.

Selling and administrative expenses

The SG&A expenses, including directors and management benefit expenses, were Baht 212 million for Q1/2020. A drop of 3.6% from Baht 220 million for Q1/2019, and also a decrease of 2% from Baht 216 million for Q4/2019, due mainly to a decline of staff expenses, together with effective cost management.

Finance costs

Finance costs for Q1/2020 was Baht 53 million, equaled to that of Q4/2019.

Share of profit of investment in joint venture

Share of profit (loss) of investment in joint venture was Baht 3 million for Q1/2020, increased from Baht (5) million for Q1/2019. The share of profit recognized was resulting from LTC's net profit increase due to the increase of market share and the relief of price war in 2020.

Net profit

The Company's net profit (loss) for Q1/2020 was Baht 198 million, increased from Baht (33) million for Q1/2019, mainly due to the decrease of depreciation from asset impairment in 2019, together with the gain from foreign exchange. Compared with the net profit (loss) for Q4/2019 of Baht (1,969) million, the net profit for this quarter improved significantly, mainly due to the loss from impairment recognized in Q4/2019.

Excluding the extra items, i.e., foreign exchange, asset impairment and write-off, the Company had normalized net profit (loss) from operation of Baht 105 million, which was higher than that of Q1/2019 and Q4/2019 of Baht (4) million and Baht (271) million, respectively, as a result of the decrease of depreciation from Thaicom 5 satellite de-orbit and the impairment of other satellites in 2019, together with the effective cost management.

IV. Financial Position

As at the end of Q1/2020, the Company reported total assets of Baht 17,391 million, increased by 2.2% from Baht 17,011 million as at the end of 2019. This was mainly caused by the increase of current financial assets, the increase of trade and other current receivables, and also the recognition of the assets usage right according to TFRS16 Leases adopting.

THCOM's major asset components

Major Assets Unit: Baht million	March 31, 2020		December 31, 2020	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	8,944	51.4%	8,460	49.7%
Property, plant and equipment	3,224	18.5%	3,313	19.5%
Intangible assets under operating agreement	1,168	6.7%	1,366	8.0%

Trade and other receivables

As at the end of Q1/2020, the Company had net trade and other current receivables of Baht 2,063 million (or 11.9% of total assets), an increase of 9.1% 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 Q1/2020, the Company had a current ratio of 4.76x, dropped from 5.54x as comparing with the previous quarter. Even though the current ratio slightly decreased, the Company's liquidity was still sufficient for business operation.

Non-current assets

Total non-current assets for Q1/2020 was Baht 8,446 million, a drop of 1.2% from Baht 8,551 million as at the end of 2019. This was a result from addressing the depreciation and amortization of PP&E and the intangible assets, together with the impairment of satellite assets and equipment in Q4/2019.

In Q1/2020, there was the recognition of asset usage rights of Baht 150 million according to TFRS16 Leases adopting, comprised of the right of use for lands, office buildings and rented transponders from foreign satellites.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q1/2020 were Baht 4,305 million, an increase of 2.4% from Baht 4,203 million as at the end of 2019, due mainly to the appreciation of Thai Baht depreciation against US Dollar.

The Company's shareholders' equity as at the end of Q1/2020 was Baht 11,002 million, increased by 0.1% from Baht 10,995 million as at the end of 2019, mainly reflecting from consolidated net profit, offsetting with the dividend payment.

As at the end of Q1/2020, the ratio of net borrowings to equity was 0.39x, not significantly different from that of the end of 2019.

Cash flows

Net cash provided by operating activities for Q1/2020 was Baht 423 million as a result of gain from operation offsetting with the adjustment of the gain on exchange rate for the period.

Net cash provided (used) by investing activities for Q1/2020 was Baht (277) million, most of which was the change of current investment.

Net cash provided (used) in financing activities for Q1/2020 was Baht (280) million, mainly comprising of loan and interest payment.

The Company had ending cash and cash equivalents, including the current investment or current financial assets, of Baht 5,896 million as at the end of Q1/2020.

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.