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## I. Overview

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The Board of Directors meeting no. 3/2020, dated 5 February 2020, approved proposing to the shareholder's meeting for approval of the dividend for 2019 of Baht 219 million, or equivalent to Baht 0.20 per share.

### *Performance overview*

#### Impairment matter in 2019

On 17 December 2019, the Thaicom 5 satellite experienced a technical incident on the status notification system, resulted in technical limitations to monitoring the status of the satellite. Thaicom Plc (THCOM or the Company), together with the satellite's manufacturer and specialists, performed many attempts to recover the system but not yet successful. In the meantime, the Company has been cooperating with all relevant customers in order to migrate the customers to other satellites so that our broadband and broadcast services will be able to continue. Because of this incident, the Company recognized the impairment of the Thaicom 5 satellite assets, in total of Baht 222 million.

The Company also recognized the impairment of satellites and equipment in total of Baht 1,401 million. This was due to the slowdown of satellite industry from the change in customer behavior, together with fierce competition, which cause the price per unit to drop further than expected. However, the impairment is considered a non-cash item and does not affect the cash management of the Company.

#### Overall Performance in 2019

The Company's consolidated revenue from sales of goods and rendering of services for 2019 was Baht 4,663 million, decreased 22.4% from Baht 6,008 million for 2018, mainly due to the decrease of revenue from satellite and related services as a result of average price per unit sold drop following the discounted yield provided to a major customer in Thailand for contract extension, together with churn of broadband customers. In addition, there was also revenue drop from internet and media services due to the sale of investment of Cambodian DTV Network Limited in Q3/2019.

The Company reported a consolidated net profit (loss) for 2019 of Baht (2,250) million, representing the earning (loss) per share of Baht (2.05). However, excluding the extra items, the Company incurred normalized net profit (loss) of Baht (432) million, whereas the normalized net profit for 2018 was Baht 82 million.

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## II. Business Summary

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### *Satellite and related Services*

The overall utilization rate as at the end of 2019 of the Company's conventional satellites, the Thaicom 5, Thaicom 6, Thaicom 7 and Thaicom 8, was 55%, decreased from 59% as at the end of 2018, mainly due to churns on clients during Q1/2019. The utilization was rather stable from Q2/2019 onwards. For broadband satellite, the Thaicom 4, the utilization rate was 23%, down from 30% as at the end 2018, mainly from the ramp down and churn of customers.

During 2019, THCOM secured a long-term contract with True Visions Group Co., Ltd for several Ku-band transponder services on the Thaicom 8 satellites, which delivers pay TV services to audiences in Thailand and across Asia including premier sports and entertainment events. The Company also secured new contracts for customers from Myanmar and Africa to replace customer churns.

As for the concession to operate satellite services on the Thaicom 4, Thaicom 5 and Thaicom 6 will ended in September 2021, the company wish to engage in a constructive cooperation with the Thai Government to enhance national security by joining the public-private partnership (PPP) model and open to discuss various forms of project collaboration in order to guarantee service continuity both domestically and globally.

Integrating to our core satellite services, the company will continuously focus on developing our new businesses with an aim to be an Asian leading provider of space-air-ground-maritime enabled platforms and smart solutions for a better future

### Internet and media Services

During Q3/2019, the Company divested its shares in Cambodian DTV Network Limited (CDN) due to fierce competition on the business. Therefore, the revenue from internet and media services from Q4/2019 onwards solely 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 2019, Lao Telecommunications Public Company (LTC) had total mobile subscribers (excluded fixed wireless) of 1.42 million subscribers, still ranking No.1 with approximately 55.3% of total mobile's market share, slightly decreased from 56.1% as at the end of 2018 due to price war during the year.

## III. Consolidated Operating Results

### Summary of key financial information of THCOM

Unit: Baht million	Amount		Changes
	2019	2018	YoY (%)
Revenue from sales of goods and rendering of services	4,663	6,008	-22.4%
Cost of sales of goods and rendering of services	(3,671)	(4,219)	-13.0%
Normal SG&A expenses *	(1,040)	(1,517)	-31.4%
EBIT from normal operations	(48)	272	n/a
Other income	337	192	75.3%
Gain (loss) from sale of investment **	(29)	1,950	n/a
Gain (loss) from foreign exchange	(128)	6	n/a
Loss from assets impairment	(1,623)	(2,253)	-28.0%
EBIT from operations	(1,490)	167	n/a
EBITDA from operations	1,766	2,246	-21.4%
Share of profit of investment in joint venture	(116)	119	n/a
Financial costs	300	338	-11.4%
Profit (loss) for the period from continuing operations	(2,250)	217	n/a
Profit (loss) for the period from discontinued operation	-	30	-100.0%
Profit (loss) for the period	(2,250)	247	n/a
Profit (loss) attributable to: non-controlling interest	-	17	-100.0%
Profit (loss) attributable to owner of the Company	(2,250)	230	n/a
Earnings (loss) per share (Baht)	(2.05)	0.21	n/a
Extra items – net of tax:			
- Loss from assets impairment			
- Gain (loss) from sale of investment			
- Gain (loss) from foreign exchange			
- Written-off of deferred tax asset			
- Recognition of past service cost (additional compensation for employees) due to the Labor Protection Act (No. 7) B.E. 2562			
	(1,818)	147	n/a
Normalized profit	(432)	82	n/a

\* Normal SG&A expenses: Selling and administrative expenses, including directors and management benefit expenses

\*\* The loss from investment in 2019 was from the sale of investment in CDN, whereas the gain from investment 2018 was from the sale of investment in CS Loxinfo Public Company Limited.

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

Consolidated revenue from sales of goods and rendering of services for 2019 was Baht 4,663 million, a decrease of 22.4% from Baht 6,008 million for 2018, caused by a decrease of revenue from satellite and internet and media services.

Revenue from sales of goods and rendering of services Unit: Baht million	2019	2018	% YoY
Satellite and related services	4,594	5,850	-21.5%
Internet and media services	122	229	-46.5%
Consolidation eliminations	(53)	(71)	-25.5%
<b>Total</b>	<b>4,663</b>	<b>6,008</b>	<b>-22.4%</b>

### Satellite and related services

Revenue from satellite and related services for 2019 was Baht 4,594 million, a decrease of 21.5% from Baht 5,850 million for 2018, contributed by a decrease of both conventional and broadband satellite services.

Satellite and related services Unit: Baht million	2019	2018	% YoY
Conventional*	2,536	3,565	-28.9%
Thaicom 4 Broadband	2,058	2,284	-9.9%
Services	1,873	2,143	-12.6%
Sales	185	141	31.1%
<b>Total</b>	<b>4,594</b>	<b>5,850</b>	<b>-21.5%</b>

\* Includes the Thaicom 5 6 7 and 8 satellites

- Revenue from the conventional satellites and related services for 2019 was Baht 2,536 million, decreased by 28.9% from Baht 3,565 million for 2018. This was due mainly to the extension of a long-term contract for a major customer in Thailand, which THCOM has provided a discount to the existing contract, together the churn of digital television channels.
- Revenue from the Thaicom 4 Broadband Satellite and related services was Baht 2,058 million for 2019, decreased by 9.9% from Baht 2,284 million for 2018 due to the ramp down of utilization from foreign customers.

### Internet and media services

For 2019, the revenue was Baht 122 million, decreased by 46.6% compared to Baht 229 million for 2018. This was mainly from the sale of CDN which THCOM recognized the revenue from CDN only for the period of 1 January 2019 – 16 September 2019.

### Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for 2019 of Baht 3,671 million, decreased by 13.0% compared to Baht 4,219 million for 2018 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 Q4/2018.

Cost of sales of goods and rendering of services Unit: Baht million	2019	2018	% YoY
Satellite and related services	3,613	4,112	-12.1%
Internet and media services	112	188	-40.6%
Consolidation eliminations	(54)	(81)	-33.3%
<b>Total</b>	<b>3,671</b>	<b>4,219</b>	<b>-13.0%</b>

### Cost of satellite and related services

Cost relating to satellite and related services for 2019 was Baht 3,613 million, decreased by 12.1% from Baht 4,112 million for 2018. The percentage of cost decrease was less than that of revenue since majority of the cost for satellite and related services, excluding the revenue sharing to the government, are fixed cost.

<b>Satellite and related services</b> Unit: Baht million	<b>2019</b>	<b>2018</b>	<b>% YoY</b>
Conventional*	1,949	2,412	-19.2%
Thaicom 4 Broadband	1,664	1,700	-2.1%
<b>Total</b>	<b>3,614</b>	<b>4,112</b>	<b>-12.1%</b>

\* Includes the Thaicom 5 6 7 and 8 satellites

- Cost relating to the conventional satellites and related services was Baht 1,949 million for 2019, decreased by 19.2% compared with Baht 2,412 million for 2018, mainly from a decrease of the revenue sharing to government following a drop in revenue, together with the decrease of depreciation expense.
- Cost relating to the Thaicom 4 Broadband Satellite and related services for 2019 was Baht 1,664 million, decreased by 2.1% from Baht 1,700 million for 2018 following the revenue dropped.

### Cost of internet and media services

Cost relating to the internet and media services for 2019 amounted to Baht 112 million, a decrease of 40.4% from Baht 188 million for 2018 following the sale of investment in CDN.

### Selling and administrative expenses

The normal SG&A expenses, including directors and management benefit expenses, were Baht 1,040 million for 2019. A decrease of 31.4% from Baht 1,517 million for 2018 was due mainly to the decrease of marketing expense, staff cost and the provision for doubtful debts.

There were major additional to the normal SG&A expenses as followings:

- The loss from impairment of satellites and equipment total of Baht 1,623 million
- The loss from divestment of CDN's shares of Baht 29 million
- The loss from foreign exchange of Baht 128 million

### Finance costs

Finance costs for 2019 was Baht 300 million, a decrease of 11.4% from Baht 338 million for 2018, mainly due to the repayment of debenture in Q4/2019 of Baht 2,275 million, together with the repayment of other long-term loans according to schedule.

### Share of profit of investment in joint venture

Share of profit (loss) of investment in joint venture was Baht (116) million for 2019, decreased from Baht 119 million for 2018. The share of loss recognized in 2019 was from the decrease of revenue from mobile business in Laos PDR due to price war, and the result of tax expense from LTC's dividend.

In December 2019, LTC declared an extra dividend of USD 123 million with scheduled payment for 15 yearly installments. Shennington Investments Pte (SHEN) was entitled to 49% of the amount according to its shareholding. SHEN did not recognize the accrued dividend as income since it was a related transaction by nature. However, the tax expense (10% of the dividend declared) was immediately recognized. THCOM was shared the loss from such tax expense from SHEN around Baht 90 million.

### Net profit

The company's net profit (loss) for 2019 was Baht (2,250) million. This was mainly from revenue drop, together with the extra expenses in total of Baht 1,818 million that consisting of a loss from asset impairment, sale of investment, foreign exchange, recognition of pass service cost and deferred tax assets.

The company has normalized net profit (loss) excluding the impact from extra expenses for 2019 and 2018 of Baht (432) million and Baht 82 million, respectively.

## IV. Financial Position

As at the end of 2019, the Company reported total assets of Baht 17,011 million, decreased by 23.4% 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, together with the impairment of satellite assets and equipment.

### THCOM's asset components

Major Assets Unit: Baht million	December 31, 2019		December 31, 2018	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	8,460	49.7%	9,679	43.6%
Property, plant and equipment	3,313	19.5%	4,815	21.7%
Intangible assets under operating agreement	1,366	8.0%	3,007	13.5%

### Trade and other receivables

As at the end of 2019, the Company had trade and other current receivables of Baht 1,890 million, an increase of 2.1% from Baht 1,851 as at the end of 2018, mainly due to the delay payment of foreign government entity.

### Liquidity

As at the end of 2019, the Company had a current ratio of 5.54x, increased from 2.39x as at the end of 2018, due mainly to the decrease of the current portion of long-term loan from the repayment of debenture.

### Non-current assets

Total non-current assets as at the end of 2019 was Baht 8,551 million, a decrease of 31.7% 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, together with the impairment of satellite assets and equipment.

### Borrowings and shareholders' equity

The Company's net borrowings as at the end of 2019 were Baht 4,203 million, a decrease of 40.2% from Baht 7,023 million as at the end of 2018, mainly attributable to the repayment of debenture of Baht 2,275 million, along with the long-term loans for the satellite projects.

The Company's shareholders' equity as at the end of 2019 was Baht 10,995 million, decreased by 16.3% from Baht 13,137 million as at the end of 2018, mainly reflecting from consolidated net loss.

As at the end of 2019, the ratio of net borrowings to equity was 0.38x, significantly decreased from 0.53x as at the end of 2018.

### Cash flows

*Net cash provided by operating activities* for 2019 was Baht 1,660 million, a decrease of 11.2% from Baht 1,868 million for 2018, due mainly to the decrease of operating profit.

*Net cash provided (used) by investing activities* for 2019 was Baht 1,241 million, most of which were cash from current investment.

*Net cash provided (used) in financing activities* for 2019 was Baht (3,110) million, mainly comprising of the loans and debenture repayment.

The Company had ending cash and cash equivalents, including the current investment of Baht 5,703 million as at the end of 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.