
Management's Discussion and Analysis for Q1/2021 Results
Thaicom Public Company Limited

I. Overview

Performance overview

Thaicom Plc (the Company or THCOM)'s consolidated revenue from sales of goods and rendering of services for Q1/2021 was Baht 788 million, decreased by 18.3% from Baht 965 million for Q1/2020, due to the decrease of revenue from satellite and related services from both conventional and broadband satellites. Comparing with Q4/2020, the consolidated revenue from sales of goods and rendering of services gradually decreased by 1.6%, mainly contributed a drop of revenue from conventional service. The Company reported net profit for Q1/2021 at Baht 111 million, resulting from the profit from operation, together with the gain from foreign exchange. The normalized loss from operation was at Baht (40) million for Q1/2021, decreased from normalized profit from operation of Baht 58 million for Q1/2020 due to the decrease of revenue from Thaicom 5 satellite de-orbit in February 2020. Comparing with Q4/2020, the normalized loss improved from Baht (174) million which resulting from a decrease of SG&A expenses for Q1/2021 due to the effective cost control for both marketing and administrative expenses.

II. Business Summary

Satellite and related Services

The committed utilization for conventional satellites, Thaicom 6, Thaicom 7 and Thaicom 8, as at the end of Q1/2021 was 64%, which remained steady in comparison with the end of 2020.

For broadband satellite, the Thaicom 4, the utilization rate was 18%, down from 19% as at the end 2020, 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 Q1/2021, Lao Telecommunications Public Company (LTC), reported total mobile subscribers of 1.71 million which still maintained stable in comparison with the end of 2020.

III. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount			Changes	
	Q1/2021	Q4/2020	Q1/2020	QoQ (%)	YoY (%)
Revenue from sales of goods and rendering of services	788	801	965	-1.6%	-18.3%
Cost of sales of goods and rendering of services	(649)	(509)	(671)	27.7%	-3.3%
Normal SG&A expenses ⁽¹⁾	(205)	(328)	(212)	-37.5%	-3.0%
EBIT from normal operations	(66)	(36)	82	83.8%	n/a
Other incomes	56	11	24	405.6%	140.0%
Gain (loss) from foreign exchange	151	(170)	238	n/a	-36.5%
Loss from assets impairment ⁽²⁾	-	-	(98)	n/a	n/a
EBIT from operations	141	(195)	288	n/a	-42.3%
EBITDA from operations ⁽³⁾	339	265	312	28.0%	8.7%
Finance income	30	25	43	23.3%	-30.3%
Financial costs	(41)	(41)	(53)	-1.0%	-22.9%
Bad debt and doubtful accounts and Reversal of loss on impairment (loss on impairment) based on Thai Financial Reporting Standard No.9	1	2	6	-54.5%	-85.5%
Share of profit of investment in joint venture	(16)	(19)	3	-17.4%	n/a
Profit (loss) before income tax expense	116	(229)	245	n/a	-52.6%
Profit (loss) attributable to owner of the Company	111	(258)	198	n/a	-43.6%
Earnings (loss) per share (Baht)	0.10	(0.24)	0.18	n/a	-43.6%
Extra items ⁽⁴⁾	151	(84)	140	n/a	8.0%
Normalized profit	(40)	(174)	58	-77.2%	n/a

(1) Normal SG&A expenses were selling and administrative expenses, including directors and management benefit expenses.

(2) 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.

(3) Exclude other income, gain (loss) from foreign exchange and asset impairment.

(4) Extra items were gain (loss) from foreign exchange, contract restructuring transactions, assets impairment and other one-time items.

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q1/2021 was Baht 788 million.

A decrease of 18.3% from Baht 965 million for Q1/2020 caused by a drop in revenue from both satellite

and internet and media services. While comparing with Q4/2020, a slight increase in revenue of 1.6% from Baht 801 million for Q4/2020 affected by a drop of revenue from satellite services.

Revenue from sales of goods and rendering of services Unit: Baht million	Q1/2021	Q4/2020	Q1/2020	% QoQ	% YoY
Satellite and related services	786	799	963	-1.6%	-18.4%
Internet and media services	8	9	7	-8.4%	14.3%
Consolidation eliminations	(6)	(7)	(5)	-13.1%	20.0%
Total	788	801	965	-1.6%	-18.3%

Satellite and related services

Revenue from satellite and related services for Q1/2021 was Baht 786 million, a decline of 18.4 % from Baht 963 million for Q1/2020 contributed by a decrease of both conventional and broadband satellite services. Comparing with Q4/2020, a decrease of 1.6% from Baht 799 million mainly declined from conventional satellite sales from domestic clients.

Satellite and related services Unit: Baht million	Q1/2021	Q4/2020	Q1/2020	% QoQ	% YoY
Conventional*	462	481	541	-3.9%	-14.6%
Thaicom 4 Broadband	324	318	422	1.8%	-23.3%
Services	315	314	395	0.4%	-20.2%
Sales	9	4	27	101.0%	-68.1%
Total	786	799	963	-1.6%	-18.4%

* 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 Q1/2021 was Baht 462 million, dropped by 14.6% from Baht 541 million for Q1/2020. This was mainly due to Thaicom 5 satellite de-orbit in February 2020. The revenue also declined by 3.9% in comparison with Baht 481 million for Q4/2020, resulting from a drop in conventional satellite revenue from domestic customers.
- Revenue from the Thaicom 4 broadband satellite and related services for Q1/2021 was Baht 324 million, decreased by 23.3% from Baht 422 million for Q1/2020 due to the ramp down of utilization from foreign customers. Comparing with Q4/2020, the revenue still remained stable.

Internet and media services

For Q1/2021, the revenue was Baht 8 million, increased by 14.3% compared to Baht 7 million for Q1/2020. This was mainly from an increase of rental services for eSport platform. The revenue from internet and media services was insignificant drop comparing with Q4/2020 that in amount of Baht 0.7 million.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q1/2021 of Baht 648 million, dropped by 3.4% compared to Baht 671 million for Q1/2020. However, the cost increased 27.4% compared to Baht 509 million for Q4/2020 due to the cost was adjusted by the extra transactions from contract restructuring and others. This caused the normal cost of sale of goods and rendering of services (before adjustment) for Q4/2020 was Baht 684 million. Comparing with normal cost of sales of goods and rendering of services between Q1/2021 and Q4/2020, the cost for Q1/2021 declined by 5.1% corresponding to a drop of revenue.

Cost of sales of goods and rendering of services Unit: Baht million	Q1/2021	Q4/2020	Q1/2020	% QoQ	% YoY
Satellite and related services	649	510	674	27.2%	-3.7%
Internet and media services	5	5	3	-6.1%	66.7%
Consolidation eliminations	(6)	(7)	(6)	-13.8%	0.0%
Total	648	509	671	27.4%	-3.4%

Cost of satellite and related services

Cost relating to satellite and related services for Q1/2021 was Baht 649 million, decreased by 3.7% from Baht 674 million for Q1/2020 regarding a drop of revenue from sales of goods and rendering of services. An increase of 27.2% compared to Baht 510 million for Q4/2020, mainly due to customer contract restructuring and others in Q4/2020.

Satellite and related services Unit: Baht million	Q1/2021	Q4/2020	Q1/2020	% QoQ	% YoY
Conventional*	331	274	347	20.8%	-4.7%
Thaicom 4 Broadband	318	236	327	34.7%	-2.6%
Total	649	510	674	27.2%	-3.7%

* 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 331 million for Q1/2021, decreased by 4.7% compared with Baht 347 resulting from a decrease of revenue sharing to government following a decline in revenue. While it increased by 20.8% from Baht 274 million for Q4/2020, due mainly to customer contract restructuring and others. The cost for Q1/2021 slightly dropped comparing with the normal cost for Q4/2020.
- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q1/2021 was Baht 318 million, a drop of 2.6% compared with Baht 327 million for Q1/2020. Comparing with the previous quarter, the cost increased by 34.7% from Baht 236 million for Q4/2020 regarding customer contract restructuring and others. The cost for Q1/2021 slightly dropped comparing with normal cost for Q4/2020.

Cost of internet and media services

Cost relating to the internet and media services for Q1/2021 was Baht 5 million, an increase of 66.7% from Baht 3 million for Q1/2020 following a rise of revenue from internet and media services. The cost slightly dropped compared to Q4/2020 due to effective cost management.

Selling and administrative expenses

The SG&A expenses, including directors and management benefit expenses, were Baht 205 million for Q1/2021. A drop of 3% from Baht 212 million for Q1/2020, and also a decrease of 37.5% from Baht 328 million for Q4/2020, due mainly to a decline of staff expenses, together with effective cost management.

Finance costs

Finance costs for Q1/2021 was Baht 41 million, equaled to that of Q4/2020.

Share of profit of investment in joint venture

Share of profit (loss) of investment in joint venture was Baht (16) million in total for Q1/2021, the loss increased from Baht 3 million for Q1/2020. The share of profit mainly recognized was resulting from LTC's net profit declined due to the loss from foreign exchange from USD appreciation against Laotian Kip on LTC's dividend payable coupled with the recognition of the withholding tax subjected to dividend received from LTC, despite LTC's positive net profit. Comparing with Q4/2020, the share of profit (loss) of investment in joint venture was a bit increase from Baht (19) million.

Besides the share of profit (loss) of investment from LTC, share of profit of investment in joint venture also comprised of share of profit (loss) of investment in Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd in total amount of Baht (1) million. Both companies generated net loss for their business start-up period.

Net profit

The Company's net profit (loss) for Q1/2021 was Baht 111 million, decreased from Baht 198 million for Q1/2020, mainly due to the decrease of revenue from both conventional and broadband satellites, together with a decline of gain from foreign exchange. Compared with the net profit (loss) for Q4/2020 of Baht (258) million, the net profit for this quarter improved, mainly due to the gain from foreign exchange for Q1/2021.

Excluding the extra items, i.e., foreign exchange, the Company had normalized net profit (loss) from operation of Baht (40) million, which was less than that of Q1/2020 of Baht 58 million corresponding to a decrease of revenue. While comparing with Q4/2020, the net profit (loss) from operation improved from Baht (174) million as a result of more effective cost control for both marketing and administrative expenses.

IV. Financial Position

As at the end of Q1/2021, the Company reported total assets of Baht 16,695 million, hardly increased by 0.1% from Baht 16,676 million as at the end of 2020.

THCOM's major asset components

Major Assets Unit: Baht million	March 31, 2021		December 31, 2021	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	9,839	58.9%	9,473	56.8%
Property, plant and equipment	2,988	17.9%	3,091	18.5%
Intangible assets under operating agreement	361	2.2%	560	3.4%

Trade and other receivables

As at the end of Q1/2021, the Company had net trade and other current receivables of Baht 1,873 million (or 11.2% of total assets), an increase of 2.2% from Baht 1,832 million as at the end of 2020 mainly due to the delayed payment of foreign government entity.

Liquidity

As at the end of Q1/2021, the Company had a current ratio of 2.6x, dropped from 2.7x 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 Q1/2021 was Baht 6,856 million, a drop of 4.8% from Baht 7,204 million as at the end of 2020. This was a result from addressing 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 Q1/2021 were Baht 3,778 million, a decrease of 3.3% from Baht 3,908 million as at the end of 2020, mainly attributable to the repayment of the long-term loans.

The Company's shareholders' equity as at the end of Q1/2021 was Baht 11,131 million, decreased by 1% from Baht 11,247 million as at the end of 2020, mainly reflected from consolidated net profit offsetting with the dividend payment.

As at the end of Q1/2021, the ratio of net borrowings to equity was 0.34x, equaled to the net borrowing's ratio as at the end of 2020.

Cash flows

Net cash provided by operating activities for Q1/2021 was Baht 404 million, decreased by 5% in comparison with Q1/2020, as a result of profit from operations offsetting with the effect of decreasing in the gain on exchange rate for the period.

Net cash provided (used) by investing activities for Q1/2021 was Baht (276) million, most of which were from a rise of investment in current financial assets.

Net cash provided (used) in financing activities for Q1/2021 was Baht (245) million, mainly comprising of long-term loan repayment and interest payment.

The Company had ending cash and cash equivalents, including the current investment or current financial assets, of Baht 6,870 million as at the end of Q1/2021.

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.