
Management's Discussion and Analysis for Q1/2022 Results
Thaicom Public Company Limited

I. Overview

Performance overview

For Q1/2022, Thaicom Plc (the Company or THCOM)'s net profit from core business operation (excluding effect from foreign exchange and share of profit of investment in joint ventures) was at Baht 148 million, significantly increased from the net profit (loss) from core business operation for Q1/2021 of Baht (24) million, as at the end of the Concession, THCOM completely handed over possession of the satellites and other assets under the agreement to the Ministry of Digital Economy and Society (MDE), resulting in the decrease of depreciation cost and concession fee. Despite the decrease of revenue from sale and service during Q1/2022, the Company was successful on cost control and foreign account receivable management, therefore significant profitability was achieved.

THCOM's consolidated revenue from sales of goods and rendering of services for Q1/2022 was Baht 691 million, decreased 12.4% from Baht 788 million for Q1/2021 and 13.0% from Baht 794 million for Q4/2021. This resulted from the decrease of revenue from satellite and related services, mainly from the decreased utilization of domestic broadcast customers. For broadband services, the revenue declined compared with that of Q1/2021 from the decrease of usage from foreign customers, but it was maintained compared with that of Q4/2021.

The Company reported net profit for Q1/2022 of Baht 51 million, declined 54.6% from Baht 111 million for Q1/2021. This was resulted from the decline of both share of profit of investment in joint ventures and gain from foreign exchange. However, when compared to Q4/2021, the profit improved from Baht (72) million due to the effective cost control for both marketing and administrative expenses, debt collection of long-outstanding account receivable from foreign customers, together with the improvement of share of loss from of investment in joint ventures and loss from foreign exchange.

The normalized profit (loss) from core business operation for Q1/2022, excluding effect from foreign exchange and share of profit of investment in joint ventures, was Baht 148 million, increased from Q1/2021 of Baht (24) million. This was mainly due to the decrease of cost of satellite depreciation and concession fee to MDE after the expiry of the Concession. In comparison with Q4/2021, it slightly declined from Baht 168 million owing to lower revenue from sales of goods and rendering of services.

II. Business Summary

Satellite and related Services

During Q1/2022, the Company entered into several technology and business cooperation with both domestic and international partnerships. The collaboration was a strategic move in expanding THCOM's portfolio of cooperation with leading partners, which would complement our existing satellite services.

- (1) A partnership agreement with Globalstar Inc. (NYSE American: GSAT), a global LEO satellite operator and a leading provider of satellite IoT (Internet of Things) solutions and mobile satellite services, to collaborate on the establishment and operation of Globalstar's low-earth orbit

satellite (LEO) ground facilities in Thailand and regional commercial service deployment, with a focus on personnel safety and management solutions for Thailand's Tourism and Maritime industry.

- (2) An agreement with Amazon Web Services, Inc. (AWS), an Amazon.com company, to quickly and easily create, transform, and deliver Thaicom digital content. By leveraging AWS's global cloud infrastructure, advanced video technologies, and pay-as-you-go-model, Thaicom can produce high-quality video streams for distribution to its national and worldwide customers.
- (3) Memorandum Of Understanding (MOU) with Thai General Insurance Association (TGIA), to adopt satellite technology using with crop insurance. The collaboration was to provide Remote Sensing Satellite with Artificial Intelligence to analyze data for TGIA so as to serve information for the project management with being prompt, comprehensive, and enhancing efficiency. This aims to develop the country by targeting data usage from Earth observation satellites to improve and raise efficiency in crop insurance for the agriculture sector of Thailand.

At the end of 2021, the Company's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate was 54%, declined from 57% for the end of 2021. This was majorly came from ramp-down utilization from domestic clients.

Internet and media Services

The revenue from internet and media services mainly comes from 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 Q1/2022, Lao Telecommunications Public Company (LTC) reported total mobile subscribers of 2.02 million, a slightly increased in comparison with the subscribers as at the end of 2021 of 2.01 million.

III. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount			Changes	
	Q1/2022	Q4/2021	Q1/2021	QoQ (%)	YoY (%)
Revenue from sales of goods and rendering of services	691	794	788	-13.0%	-12.4%
Cost of sales of goods and rendering of services	(349)	(394)	(649)	-11.4%	-46.2%
Normal SG&A expenses ⁽¹⁾	(201)	(232)	(205)	-13.3%	-1.9%
EBIT from normal operations	140	167	(66)	-16.3%	n.a.
Other income ⁽²⁾	6	7	56	-20.1%	-89.5%
Gain (loss) from foreign exchange	(23)	(59)	151	38.9%	n.a.

Unit: Baht million	Amount			Changes	
	Q1/2022	Q4/2021	Q1/2021	QoQ (%)	YoY (%)
EBIT from operations	123	115	141	6.4%	-13.0%
EBITDA from operations ⁽³⁾	347	356	272	-2.7%	27.5%
Finance income	28	30	30	-7.1%	-8.1%
Financial costs	(28)	(29)	(41)	-4.4%	-31.4%
Reversal of loss on impairment (loss on impairment) based on Thai Financial Reporting Standard No.9	63	42	1	50.0%	7349.9%
Share of profit of investment in joint venture	(74)	(180)	(16)	59.0%	-571.6%
Profit (loss) before income tax expense	112	(22)	116	n.a.	-3.6%
Income tax expense	(61)	(50)	(5)	22.4%	1255.1%
Profit (loss) attributable to owner of the Company	51	(72)	111	n.a.	-54.6%
Earnings (loss) per share (Baht)	0.05	(0.07)	0.10	n.a.	-54.6%
Extra items ⁽⁴⁾	(23)	(59)	151	-61.1%	n.a.
Normalized profit	74	(12)	(40)	n.a.	n.a.
Normalized profit excluding extra item and share of profit (loss) of investment in joint ventures	148	168	(24)	-12.0%	n.a.

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

(2) Excluding gain (loss) from foreign exchange and loss from assets impairment.

(3) Reversal of loss on impairment for Q1/2022 was from debt collection of long-overdue account receivable from foreign customers.

(4) Extra items were gain (loss) from foreign exchange

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q1/2022 was Baht 691 million, a decrease of 12.4% from Baht 788 million and 13.0% from Baht 794 million for Q1/2021 and Q4/2021, respectively. These were 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	Q1/2022	Q4/2021	Q1/2021	QoQ (%)	YoY (%)
Satellite and related services	690	792	786	-12.9%	-12.2%
Internet and media services	7	8	8	-2.4%	-6.9%
Consolidation eliminations	(6)	(6)	(6)	1.5%	10.6%
Total	691	794	788	-13.0%	-12.4%

After the expiry of the Concession, revenue from satellite and related services comprised of revenue from sales of goods and rendering of services from Thaicom 7 and Thaicom 8, which operated under

licenses to provide telecommunication services. Besides, there were revenue from satellite services from part of bandwidth purchased on Thaicom 4 and Thaicom 6 satellites from National Telecom Public Company Limited, including bandwidth purchased from international satellite service providers in order to continue providing seamless service for both broadcast and broadband.

Revenue from satellite and related services for Q1/2022 was Baht 690 million, a decrease of 12.2% from Baht 786 million for Q1/2021 and 12.9% from Baht 792 million for Q4/2021. This was mainly owing to the decrease of broadcast revenue from ramp-down utilization of domestic clients. For broadband services, the revenue declined compared with that of Q1/2021 from the decrease of usage from foreign customers, but it was maintained compared with that of Q4/2021

Internet and media services

For Q1/2022, the revenue was Baht 7 million, decreased by 6.9% compared to Baht 8 million for Q1/2021, resulting from a decline of revenue from broadband and television network and system integration both consultant and installation services, offsetting with an increasing of revenue from eSport platform.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q1/2022 of Baht 349 million, decreased by 46.2% compared to Baht 649 million for Q1/2021, resulting from the drop of revenue, concession fee to MDE after the expiry of the Concession, and cost of satellite depreciation. In comparison with Q4/2021, cost of sales of goods and rendering of services declined 11.4% from Baht 394 million in accordance with the decrease of revenue from sales of goods and rendering of services.

Cost of sales of goods and rendering of services Unit: Baht million	Q1/2022	Q4/2021	Q1/2021	QoQ (%)	YoY (%)
Satellite and related services	351	397	649	-11.4%	-45.9%
Internet and media services	4	4	5	-8.8%	-34.6%
Consolidation eliminations	(6)	(6)	(6)	3.4%	14.1%
Total	349	394	649	-11.4%	-46.2%

Cost relating to satellite and related services for Q1/2022 was Baht 351 million. A drop of 45.9% from Baht 649 million for Q1/2021 contributed by a decrease of depreciation of Thaicom 4 and Thaicom 6 satellites, and concession fee regarding the Company completely handed over possession of the satellites and other assets under the agreement to MDE on 10 September 2021. In comparison with Q4/2021, related cost of satellite and related services decreased 11.4% from Baht 397 million in accordance with a drop of revenue. The Company was effectively able to control the cost in proportion to the decrease in revenue in order to maintain its profitability.

Cost of internet and media services

Cost relating to the internet and media services for Q1/2022 were Baht 4 million, a decrease of 8.8% from Baht 5 million from Q1/2021 owing to the drop of the cost from broadband and television network and system integration.

Selling and administrative expenses

The SG&A expenses, including directors and management benefit, were Baht 201 million for Q1/2022. A decrease of 1.9% from Baht 205 million for Q1/2021 and 13.3% from Baht 232 million for Q4/2021 were mainly due to the decrease of legal fee, together with marketing and general administrative expenses corresponding with a decline of revenue from sale of goods and rendering service.

Finance costs

Finance costs for Q1/2022 was Baht 28 million, a decrease of 31.4% from Baht 41 million for Q1/2021, mainly due to the repayment of debenture in Q4/2020 of Baht 2,275 million. The cost was maintained in comparison with Q4/2021.

Share of profit of investment in joint venture

Share of profit (loss) of investment in joint venture was Baht (74) million for Q1/2022, decreased from share of profit (loss) of Baht (16) million for Q1/2021. This consisted of the share of profit (loss) from LTC, Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd of Baht (73) million, (1) million and (0.1) million, respectively. The major loss was from share of profit of investment in LTC regarding an appreciation of US dollar against Lao KIP resulting loss from mark-to-market of its accrued dividend and US dollar loan.

While comparing with Q4/2021, share of profit (loss) of investment in joint venture improved from Baht (180) million owing to the improving trend of appreciation of US dollar against Lao KIP

Net profit

The company's net profit for Q1/2022 was Baht 51 million, dropped from Baht 111 million for Q1/2021, mainly due to the share of profit (loss) of investment in joint venture from telephone business abroad together with less gain from foreign exchange. While comparing with Q4/2021, the net profit improved from net loss of Baht (72) million regarding the effective cost control for both marketing and administrative expenses, debt collection of long-outstanding account receivable from foreign customers, together with the improvement of share of loss from of investment in joint ventures and loss from foreign exchange.

The normalized profit (loss) from core business operation for Q1/2022, excluding effect from foreign exchange and share of profit of investment in joint ventures, was Baht 148 million, increased from Q1/2021 of Baht (24) million. This was mainly due to the decrease of cost of satellite depreciation and concession fee to MDE after the expiry of the Concession. In comparison with Q4/2021, it slightly declined from Baht 168 million owing to lower revenue from sales of goods and rendering of services.

IV. Financial Position

As at the end of Q1/2022, the Company reported total assets of Baht 15,021 million, decreased by 2.1% from Baht 15,340 million as at the end of 2021, mainly due to the decrease of trade and other receivables owing to debt collection from foreign customer.

THCOM's asset components

Major Assets Unit: Baht million	March 31, 2022		December 31, 2021	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% tr of Total assets
Current assets	8,090	53.9%	8,050	52.5%
Property, plant and equipment	2,709	18.0%	2,778	18.1%
Right-of-use assets	1,386	9.2%	1,434	9.4%

* Right-of-use assets including transponders, plant, buildings and vehicles

Trade and other receivables

As at the end of Q1/2022, the Company had trade and other current receivables of Baht 1,383 million, or 9.2% of total assets, a decrease of 33.2% from Baht 2,071 million as at the end of 2021, mainly due to debt collection from foreign customer.

Liquidity

As at the end of Q1/2022, the Company had a current ratio of 4.62x, decreased from 5.66x as at the end of 2021, due to announcement of dividend payment in February 2022.

Right-of-use assets

As at the end of Q1/2022, the Company had right-of-use assets of Baht 1,386 million or 9.2% of total assets, decreased from Baht 1,434 million as at the end of 2021. This was mainly from the amortization of the right-of-use from the agreement to purchase part of bandwidth capacity on Thaicom 4 and Thaicom 6 Satellites after the expiry of the Concession.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q1/2022 were Baht 1,050 million, a decrease of 17.1% from Baht 1,266 million as at the end of 2021, mainly attributable to the repayment of long-term loans for the satellite projects.

The Company's shareholders' equity as at the end of Q1/2022 was Baht 10,808 million, decreased by 2.9% from Baht 11,129 million as at the end of 2021, mainly reflecting from consolidated net profit offsetting with the dividend payment.

As at the end of Q1/2022, the ratio of net borrowings to equity was 0.10x, decreased from 0.11x as at the end of 2021.

Cash flows

Net cash provided by operating activities for Q1/2022 was Baht 987 million, an increase of 144.4% from Baht 404 million in comparison with Q1/2021, regarding an increase of profit from operations together with debt collection of long-outstanding account receivable from foreign customers

Net cash provided (used) by investing activities for Q1/2022 was Baht 868 million, due to the conversion of current financial assets into cash.

Net cash provided (used) in financing activities for Q1/2022 was Baht (348) million, mainly comprised of the loans repayment and loan interest repayment.

The Company had ending cash and cash equivalents, including the current financial assets as at the end of Q1/2022 of Baht 5,553 million.

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.