

THAICOM

MANAGEMENT'S DISCUSSION AND ANALYSIS



Thaicom Public Company Limited

Management's Discussion and Analysis for Q1/2024

Thaicom Public Company Limited

1. Company's Performance Overview

The Company reported a net profit of Baht 288 million for Q1/2024, an increase of 220% YoY from Q1/2023. Marking a significant turnaround from the Q4/2023 loss of Baht 306 million. In 1Q/2024, the Thai baht had been depreciated against the US dollar. As an exporter with a significant international customer base, the Company's revenue is largely denominated in US dollar-related contracts. Therefore, this depreciation favorably impacted the Company's total revenue and net profit. Consequently, Q1/2024 saw a 33% YoY and 173% QoQ increase in total revenue, amounting to Baht 910 million.

In Q1/2024, the Company generated revenue from sales and services of Baht 609 million, representing a decline from Baht 629 million in Q4/2023 (QoQ) and Baht 735 million in Q1/2023 (YoY) due to lower satellite and related services revenue. Consequently, the Company's Q1/2024 core profit¹ amounted to Baht 12 million, declined from Baht 131 million in Q1/2023 (YoY). This decrease was mainly attributed to the absence of project-based revenue from a System Integration and other consulting fees. Nonetheless, the Company experienced an increase in core profit¹ compared to Q4/2023 (QoQ) of Baht 9 million. However, THCOM is committed to leveraging the capabilities of its new satellite to establish an infrastructure that will support business growth as well as utilize its strong presence in Thailand, India, Indonesia, the Philippines, and other countries in South and Southeast Asia. The Company will focus on signing long-term service agreements with existing customers to maintain a stable and sustainable customer base. Additionally, the Company aims to strategically expand its broadband services to prepare for the ever-increasing demand for broadband connectivity and capitalize on opportunities presented by new satellites and major projects, such as government projects in Thailand and the Philippines, and to provide services in remote areas of India.

¹ Core profit means profit attributable to owner of the Company before unrealized gain (loss) on exchange rate of the Company and joint ventures, and before extra items.

2. Business Summary

Satellite and related Services

[Business Cooperation](#)

[Strengthen our fleet at 119.5 degrees East with THAICOM-9, provided by Astranis \(USA\)](#)

On 6 March 2024 – The Company has announced the selection of Astranis, a leading U.S.-based satellite manufacturer and operator, to provide THAICOM-9 scheduled for launch in 2025. The newest addition to strengthen Thaicom's fleet at 119.5 degrees East, THAICOM-9 will ensure seamless continuity of service for existing THAICOM-4 customers and support the growth of new customer segments. This cutting-edge satellite will leverage High Throughput Satellite (HTS) technology to elevate THAICOM's service offerings to new heights, including an industry-leading time to market as well as flexibility to adapt its mission while on orbit. The satellite is equipped with high-performance software-defined radio, that can change coverage and bandwidth allocation on orbit to serve multiple geographies while also allowing it to dynamically change frequencies, power levels, and other operational variables on the fly.

Thaicom's subsidiary, Space Tech Innovation Limited (STI) and Astranis have signed an agreement for an Astranis MicroGEO satellite to provide Ka-band services over Asia, with an option for expanded coverage through future satellites. THAICOM-9 will deliver a significant confidence boost to Thaicom's valued customers and partners across the region. The satellite will be launched in 2025.

[Thaicom participated in Lao Digital Week 2024 to showcase solutions related to remote sensing from Earth observation satellites and drones.](#)

On 10-14 January 2024 – The Company was invited by Lao Telecom to participate in Lao Digital Week 2024, organized by the Ministry of Telecommunication and Communication. The event aimed to promote opportunities for collaboration and investment to stimulate infrastructure development and support the application of technological research to drive the country's economy. During the event, the company showcased its solutions related to remote sensing from satellites, earth observation, and drones, which are processed using technologies such as AI and Machine Learning to generate comprehensive insights for decision-making in various management areas, including forest fire management, agriculture, urban management, and carbon credits.

[Collaborated with the Thai General Insurance Association and the Department of Agricultural Extension to elevate agricultural insurance standards through Space Technology](#)

On 31 January 2024 – The Company collaborated with the Thai General Insurance Association and the Department of Agricultural Extension to launch a groundbreaking initiative aimed at supporting farmers impacted by natural disasters through science and technology-driven crop insurance. The initiative aims to elevate agricultural insurance standards by leveraging space technology for enhanced efficiency. The ceremony was graced by the presence of Mr. Thamanat Prompow, Minister of Agriculture and Cooperatives, and held at the Ministry of Agriculture and Cooperatives.

The three agencies will collaborate to develop a system that utilizes science and technology for crop insurance. This system will employ Earth Observation Satellites, Data Analytics Systems, and Artificial Intelligence/Machine Learning, to analyze vast datasets, encompassing information on agricultural plots, rice varieties, disaster-stricken areas, and other relevant data. This initiative has the primary goals of enabling swift and accurate compensation for farmers affected by natural disasters, reduce farmers' expenses, and assisting the government to receive accurate information. This aims for disaster preparedness planning, mitigating future risks, and enhancing government budget management efficiency. Additionally, a crucial objective is to integrate cooperation in exchanging various information, including satellite imagery, geospatial data, and research findings. This knowledge-sharing will empower personnel across the three agencies, driving the advancement of Thailand's agricultural industry in the years to come.

[Utilization of THCOM's satellites](#)

As of the end of Q1/2024, the utilization rate for the Company's conventional satellites providing services under telecommunication licenses via THAICOM-7 and THAICOM-8, reached 62%, demonstrating a consistent upward trend for three consecutive quarters. This growth, from 59% in Q4/2023 and 56% in Q3/2023, driven primarily by growth in international customers.

[Internet and media Services](#)

The revenue from internet and media services mainly comes from Thai Advance Innovation Company Limited (Thai AI), consisting of 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, LOOX TV and New Space Technology business.

Revenue from internet and media services was Baht 3 million in Q1/2024, reflecting a decline compared to the previous year. This decrease was primarily attributed to customer churn in certain channels. Additionally, the

decline in New Space Technology's revenue in Q1/2024 was due to the recognition of revenue in Q1/2023 from projects undertaken in collaboration with the Thai General Insurance Association (TGIA) to assist Thai farmers in mitigating natural disaster risks and from drone-based inspections of mobile carrier telecommunication towers, which were in the initial stages of those projects.

Telephone business abroad

Lao Telecommunications Public Company (LTC) is well-positioned to reap significant benefits from the tariff restructuring for telecom services implemented by The Ministry of Telecommunication and Communication of the Lao PDR. These measures involve price adjustments for both mobile and fixed broadband. In response to these regulatory changes, LTC has increased its prices to align with the new pricing structure, effective 1 March 2024. The full impact of the pricing restructuring on LTC's revenue is expected to be realized in Q2/2024 onwards. The tariff adjustment is expected to bolster significant long-term earnings growth potential for the Company.

Additionally, the Lao PDR government's decision to increase the value-added tax (VAT) rate from 7% to 10%, effective 1 May 2024, to support economic growth, is not anticipated to have a material impact on LTC's performance.

As of the conclusion of 1Q/2024, Lao Telecommunications Public Company (LTC) and TPLUS Digital Company Limited (TPLUS) collectively had a total of 2.55 million mobile phone subscribers. This figure indicates an increase from the 2.53 million subscribers recorded at the end of 2023.

3. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount			Change	
	Q1/2024	4/2023	1/2023	%QoQ	%YoY
Revenue from sales of goods and rendering of services	609	629	735	-3%	-17%
Other income	2	3	6	-40%	-67%
Net gain (loss) from foreign exchange	300	(299)	(54)	N/A	N/A
Total Revenue	910	334	687	173%	33%
Cost of sales of goods and rendering of services	(357)	(400)	(390)	-11%	-9%
SG&A expenses ⁽¹⁾	(225)	(230)	(213)	-2%	5%
Profit from operating activities	329	(297)	83	N/A	295%



Unit: Baht million	Amount			Change	
	Q1/2024	4/2023	1/2023	%QoQ	%YoY
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) ⁽²⁾	182	173	312	5%	-42%
Financial income	72	67	75	7%	-4%
Financial costs	(29)	(28)	(34)	2%	-15%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	2	4	27	-57%	-93%
Share of profit (loss) of investment in subsidiaries and joint ventures	(50)	(31)	(19)	61%	163%
Profit before income tax expense	324	(284)	133	N/A	144%
Income tax expense	(36)	(22)	(43)	65%	-15%
Profit attributable to the owner of the Company (Net Profit)	288	(306)	90	N/A	220%
Less: Unrealized gain (loss) on exchange rate of the Company	284	(302)	(46)	N/A	N/A
Less: Unrealized gain (loss) on exchange rate of joint ventures	(8)	(13)	5	-38%	N/A
Less: Extra items ⁽³⁾	-	-	-	-	-
Core Profit	12	9	131	33%	-91%
Basic earnings per share (Baht)	0.26	(0.28)	0.08	N/A	225%

(1) SG&A expenses included selling and administrative expenses and directors and management benefit expenses.

(2) excluded gain (loss) on exchange rate and loss on assets impairment.

(3) other one-time items for the period.

Revenue from sales of goods and rendering of services

The consolidated revenue from sales of goods and rendering of services for Q1/2024 was Baht 609 million, decreased by 3.2% from Baht 629 million in Q4/2023 (QoQ), However, when compared with Q1/2023 (YoY) it increased by 17.2% due to the lower revenue from satellite and related services.



Revenue from sales of goods and rendering of services	Q1/2024	4/2023	1/2023	%QoQ	%YoY
Unit: Baht million					
Satellite and related services	607	618	732	-1.8%	-17.1%
Internet and media services	3	17	9	-82.4%	-66.7%
Consolidation eliminations	(1)	(6)	(6)	-83.3%	-83.3%
Total	609	629	735	-3.2%	-17.2%

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 are 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.

The revenue from satellite and related services in Q1/2024 amounted to Baht 607 million, which decreased by 1.8% QoQ from Baht 618 Million resulted from THAICOM-4's international customers. In addition, revenue from satellite and related services in Q1/2024 decreased by 17.1% comparing to Q1/2023 primarily stemmed from a decline in revenue from broadband services for the THAICOM-4 customers, attributed to reduced usage in areas not covered by the follow-on satellites, particularly in Malaysia. Moreover in Q1/2023, the Company recognized project-based revenue from a System Integration and other consulting fees.

Internet and media Services

For Q1/2024, the revenue from internet and media services was Baht 3 million, decreased from Q4/2023 of Baht 17 million, resulting from customer churn in certain channels. Additionally, the decline in New Space Technology's revenue in Q1/2024 was due to the recognition of revenue in Q1/2023 from projects undertaken in collaboration with the Thai General Insurance Association (TGIA) to assist Thai farmers in mitigating natural disaster risks and from drone-based inspections of mobile carrier telecommunication towers, which were in the initial stages of those projects.

Cost of sales of goods and rendering of services

The Company reported the consolidated cost of sales of goods and rendering of services for Q1/2024 of Baht 357 million, decreased by 10.9% compared with Baht 400 million for Q4/2023 (QoQ), mainly due to the decrease of cost of satellite and related services in line with the revenue. Furthermore, the company has implemented more effective cost management and expense control measures.



Cost of sales of goods and rendering of services	Q1/2024	4/2023	1/2023	%QoQ	%YoY
Unit: Baht million					
Satellite and related services	356	393	391	-9.4%	-9.0%
Internet and media services	2	13	5	-84.6%	-60.0%
Consolidation eliminations	(1)	(6)	(6)	-83.3%	-83.3%
Total	357	400	390	-10.9%	-8.6%

Cost relating to satellite and related services for Q1/2024 was Baht 356 million. A drop of 9.0% from Baht 391 million for Q1/2023 (YoY). This decline is primarily attributed to the absence of expenses related to ground station (Gateway) management fees and other consulting fees incurred in Q1/2023.

Cost of internet and media services

Cost relating to the internet and media services for Q1/2024 were Baht 2 million, decreased from Q4/2023 (QoQ) and Q1/2023 (YoY) in line with revenue. In Q1/2023 (YoY), the Company incurred expenses related to the development of a system in collaboration with the Thai General Insurance Association to assist Thai farmers in mitigating natural disaster risks.

Selling and administrative expenses

The SG&A expenses, including directors and management benefits, were Baht 225 million for Q1/2024, bears a close resemblance to Baht 230 million in Q4/2023 (QoQ) but increased by 5.0% YoY from Q1/2023 due to the legal consultancy fees associated with the procurement and construction of the new satellite.

Finance costs

Finance costs for Q1/2024 was Baht 29 million, equivalent to that of Q4/2023 (QoQ) of Baht 28 million. Finance costs for Q1/2024 decreased by 5% from Baht 34 million in Q1/2023 (YoY), mainly due to repayment of loans related to satellite projects.

Share of profit of investment in joint venture

The share of profit (loss) of investment in subsidiaries and joint ventures consisted of those from LTC, Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd

In Q1/2024, the share of loss from investments in joint ventures amounted to Baht 50 million, mainly due to losses from investments in the Laotian telephone business (LTC). Although LTC's revenue grew compared to Q4/2023 (QoQ) and Q1/2023 (YoY), foreign exchange losses increased due to a slight depreciation of the Kip against the US Dollar compared to Q4/2023 (QoQ). Additionally, financial costs incurred by Shenington Investments Pte



Ltd. witnessed a significant uptick stemming from rising interest rates, resulting in the recognition of losses from equity investments in joint ventures. Nevertheless, in 2024, the Company is poised to benefit from long-term positive factors arising from the Ministry of Telecommunication and Communication of the Lao PDR's policy to restructure telecommunications service prices. This is expected to lead to a continuous recovery in losses from equity investments in joint ventures.

Profit attributable to the owner of the Company (Net profit)

The Company's net profit attributable to owner of the Company for Q1/2024 was Baht 288 million, a remarkable increase of 220% YoY from Q1/2023. Marking a significant turnaround from the Q4/2023 loss of Baht 306 million, this was primarily driven by substantial net foreign exchange gains of Baht 300 million, which outperformed both Q4/2023 (QoQ) and Q1/2023 (YoY). In addition, the Company implemented more effective cost management and expense control measures.

The Company recorded a core profit¹ of Baht 12 million for Q1/2024, representing an increase from Baht 9 million in Q4/2023. However, compared to Q1/2023 (YoY), core profit¹ declined from Baht 131 million due to a decrease in revenue from satellite services and related services.

4. Financial Position

As at the end of Q1/2024, the Company reported total assets of Baht 14,050 million, close to Baht 14,162 million as at the end of 2023, mainly due to a decrease in cash and cash equivalents, along with a decline in other current assets.

Asset components

Assets Unit: Baht million	31 March 2024		31 December 2023	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	5,406	38.5%	5,551	39.2%
Property, plant and equipment	2,019	14.4%	2,079	14.7%
Right-of-use assets*	1,240	8.8%	1,271	9.0%

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



[Trade and other receivables](#)

As at the end of Q1/2024, the Company had trade and other current receivables of Baht 1,091 million, or 7.8% of total assets, close to Baht 1,016 million at the end of 2023.

[Liquidity](#)

As at the end of Q1/2023, the Company had a current ratio of 4.3x, stabled from the end of 2023 of 3.9x. As a result of the Company's partial repayment of outstanding loans, the portion of long-term loans due within one year has decreased.

[Right-of-use assets](#)

As at the end of Q1/2024, the Company had right-of-use assets of Baht 1,240 million or 8.8% of total assets. This was mainly the right-of-use from the agreement to purchase part of the bandwidth capacity on THAICOM-4 and THAICOM-6 Satellites after the expiry of the concession, and the capacity on the foreign satellite operators leased for the Company's customers. The right-of-use assets decreased 2.4% from Baht 1,271 million as at the end of 2023 due to the amortization of right-of-use satellite assets.

[Borrowings and shareholders' equity](#)

The Company's net borrowings as at the end of Q1/2024 were Baht 228 million, a decrease of 47.0% from Baht 431 million as at the end of 2023, mainly attributable to the repayment of long-term loans for the satellite projects.

The Company's shareholders' equity as at the end of Q1/2024 was Baht 10,319 million, increased by 0.9% from Baht 10,231 million as at the end of 2023, reflecting from consolidated net profit offsetting with the annual dividend payment.

The company's ratio of net borrowings to equity was 0.4x, stabled from that of the end of 2023.

[Cash Flows](#)

The Company had a net cash flow from operating activities of Baht (44) million as at the end of Q1/2024, a decrease from Baht 686 million as at the end of Q1/2023. This decrease in net operating cash flow is primarily attributed to the significant collection of long-outstanding receivables from overseas trade customers during Q1/2023.

Net cash provided (used) in investing activities as at the end of Q1/2024 was Baht 208 million, increase from Baht (280) million as at the end of Q1/2023. The main reason was the prepayment for equipment for a new satellite in Q1/2023.

Net cash provided (used) in financing activities as at the end of Q1/2024 was Baht (306) million. The majority of this consisted of loan repayments and interest payments. The Company had cash and cash equivalents, along with short-term investments, totaling Baht 4,106 million as at the end of Q1/2024.

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.