I. Overview

Performance overview

Thaicom Plc ("the Company")'s consolidated revenue from sales of goods and rendering of services for Q1/2017 totaled Baht 2,731 million, decreased by Baht 479 million or 14.9% from Baht 3,210 million for Q1/2016. The revenue drop, mainly contributed by revenues from both satellite business and Internet and media businesses, together with costs relating to the Thaicom 8 Satellite, resulted in an operating profit (EBIT) for Q1/2017 of Baht 318 million, down by Baht 502 million or 61.2% from Baht 820 million for Q1/2016.

The Company reported a consolidated net profit (attributable to owner of the Company) of Baht 259 million or Baht 0.24 per share for Q1/2017, a decrease of Baht 441 million or 63.0% from Baht 700 million or Baht 0.64 per share for Q1/2016.

However, to compare with previous quarter, the revenue from sales of goods and rendering of services increased by Baht 117 million or 4.5% from Baht 2,614 million, and also generated higher EBIT of Baht 419 million or 414.9% from the operating loss of Baht 101 million. The consolidated net profit also increased by Baht 373 million or 327.2% from the net loss of Baht 114 million for Q4/2016.

II. Business Summary

Satellite and related business

In 2017, the Company divides its business strategy into three categories as Core Services which are Broadcast and Broadband services, New Innovation Service, and Business Expansion. For Broadcast Service, the Company values the importance of developing broadcast service to help uplift overall Thai broadcast industry by offering stage of art solutions to support High Definition (HD) and Ultra-High Definition (Ultra-HD) broadcasting. Moreover, the Company plans to expand the broadcast services in emerging markets, especially in Greater Mekong Sub-region and South Asia. For Broadband Service, the Company values the importance of bandwidth efficiency enhancement in order to increase bandwidth utilization especially in India, Indonesia, and the Philippines, together with finding new customer to substitute customers with soon-to-be-expired contracts in Thailand and Australia.

For New Innovation Services, the Company adapts to the customer behavior changes which is desired to access information and communication anywhere anytime on any device, by developing platforms for mobility services both in the air and at sea. Another solution is delivery service of video and other media over the Internet, Over-The-Top (OTT), which focused on 2nd Screen service to be more efficient.

For Business Expansion, the Company values the importance of generating growth on both horizontal and vertical dimension. On horizontal dimension, the Company has increased the number of satellite, and for vertical dimension, the Company is expanding services into supply chains. Thus, the Company has expansion plan on both business dimensions to enhance competitive potentiality and sustainable growth.

On 3 April 2017, the Company received certificates for ISO 9001: 2008 Quality Management System and ISO 22301:2012 Business Continuity Management System (BCMS) for the second consecutive year. These certifications reflect the Company's management of quality and potential business disruption risk through preventative measures and contingency plans.

Internet and media business

CS Loxinfo Plc (CSL) has continuously increased on the number of subscribers of ICT business. As at the end of Q1/2017, number of subscribers for corporate leased lines and Internet Data Center (IDC) has grown 1.4% and 5.8% from Q1/2016, respectively. In addition, Condominium Broadband also has grown significantly at 106.9% from Q1/2016.

Telephone business abroad

As of the end of Q1/2017, Lao Telecommunications Co., Ltd. (LTC) had total phone subscribers of 2,082,292, increased from 1,951,958 as at the end of Q1/2016, and ranks No.1 with 54.5% mobile's market share, up from 52.3% as at the end Q1/2016.

III. Consolidated Operating Results

Changes in accounting policies

Since 1 January 2017, the Company has adopted TAS 27 (Revised 2016) "Separate Financial Statements" by changing accounting policy relating to investment in subsidiaries in the separate financial statements from cost method to equity method. However, there was no any impact on Consolidated Financial Statement, and details in changes have been disclosed in Note 3 to the interim financial statements.

Selected financial information on THCOM

Unit: MBt	Amount			Change	
	Q1/2017	Q4/2016	Q1/2016	%QoQ	%YoY
Revenue from sales of goods and rendering of services	2,731	2,614	3,210	4.5%	-14.9%
Cost of sales of goods and rendering of services	1,870	2,069	1,794	-9.6%	4.2%
SG&A expenses	543	646	596	-15.9%	-8.9%
EBIT from continuing operations*	318	(101)	820	414.9%	-61.2%
EBITDA from continuing operations **	1,078	673	1,503	60.2%	-28.3%
Share of profit of investment in joint venture	24	44	41	-45.5%	-41.5%
Profit (loss) for the period	308	(80)	749	485.0%	-58.9%
Profit attributable to: non-controlling interest	49	34	49	44.1%	0.0%
Profit (loss) attributable to: owner of the Company	**259**	**(114)**	**700**	**327.2%**	**-63.0%**
Earnings per share (Baht)	0.24	(0.10)	0.64	327.2%	-63.1%

* EBIT = Sales and service income – Cost of sales and service – SG&A
** EBITDA = EBIT + Depreciation and Amortization

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for Q1/2017 was Baht 2,731 million, a decrease of Baht 479 million or 14.9% from Baht 3,210 million for Q1/2016, due to the decrease of revenue from both satellite and Internet and media businesses. Compared to Q4/2016, the consolidated revenue increased by Baht 117 million or 4.5% from Baht 2,614 million, contributed by increasing of revenue from both satellite and Internet and media businesses.

Revenue from sales of goods and rendering of services	Q1/17	Q4/16	Q1/16	%QoQ	%YoY
Satellite and related services	1,956	1,857	2,394	5.3%	-18.3%
Internet and media services*	807	772	840	4.5%	-3.9%
Consolidation eliminations	(32)	(15)	(24)	113.3%	33.3%
Total	**2,731**	**2,614**	**3,210**	**4.5%**	**-14.9%**

* Include revenue from sales and services generated by DTV Service Co., Ltd. (DTV), Cambodian DTV Network Ltd (CDN), and CSL

Satellite and related services

Revenue from satellite related services for Q1/2017 was Baht 1,956 million, a decrease of Baht 438 million or 18.3% from Baht 2,394 million for Q1/2016, contributed by a decrease in both Thaicom conventional and Thaicom 4 Broadband services. However, the revenue increased Baht 99 million or 5.3% compared to Baht 1,857 million for Q4/2016 from the Thaicom 4 Broadband services.

Satellite and related services	Q1/17	Q4/16	Q1/16	%QoQ	%YoY
Conventional*	981	993	1,272	-1.2%	-22.9%
Thaicom 4 Broadband	975	864	1,122	12.8%	-13.1%
Services	*827*	*824*	*959*	*0.4%*	*-13.8%*
Sales	*148*	*40*	*163*	*270.0%*	*-9.2%*
Total	**1,956**	**1,857**	**2,394**	**5.3%**	**-18.3%**

* Include the Thaicom 5 6 7 and 8 Satellites

- Revenue from the Thaicom conventional satellite business for Q1/2017 was Baht 981 million, dropped by Baht 291 million or 22.9% from Baht 1,272 million for Q1/2016, due mainly to:
  - Overall transponder utilization rate decreased significantly, mainly because of the churn of Thai major clients from Q2/2016 onwards, together with broadcasting industry trend slowing down, in line with economic downtrend,
  - The decrease of transponder utilization also resulting in a drop of revenue from value-added services, e.g. teleport services such as digital signal compression, offsetting with
  - The increase of service revenue from the Thaicom 8 Satellite which was successfully launched and has been fully recognized since Q3/2016.

  The revenue from the Thaicom conventional satellite business was roughly equivalent to the revenue for Q4/2016.

- Revenue from the Thaicom 4 Broadband Satellite business was Baht 975 million for Q1/2017, down by Baht 147 million or 13.1% from Baht 1,122 million for Q1/2016. This was contributed by:
  - Service revenue decreased in Australia following the decrease of bandwidth usage from the National Broadband Network (NBN) contract, offsetting with the increase of service revenue from increasing bandwidth usage in India,
  - A drop of satellite equipment sales, which incurred occasionally based on customers' demand.

  Compared to Q4/2016, the revenue from the Thaicom 4 Broadband Satellite business increased Baht 111 million or 12.8% from Baht 864 million, mainly driven by satellite equipment sales in Japan.

Internet and media services

The Company's revenue from Internet and media services for Q1/2017 was Baht 807 million, decreased by Baht 33 million or 3.9% compared to Baht 840 million for Q1/2016. The revenue drop was mainly contributed by:

- Revenue decrease from CSL by Baht 31 million or 4.2% due mainly from Media and Advertising on YellowPages and Voice Info Services and Mobile Content Businesses,
- The decrease of satellite receiver sets sales by DTV of Baht 5 million or 40.6%, offsetting with
- The increase of sales revenue from CDN by Baht 3 million or 4.3% from higher sales of satellite receiver sets.

To compared with the previous quarter, the revenue from Internet and media services for Q1/2017 increased by Baht 35 million or 4.5% from Baht 772 million. This was due mainly to:

- The increase of sales revenue from CDN by Baht 32 million or 60.4% from higher sales of satellite receiver sets,
- The increase of sales and service revenue from CSL by Baht 5 million or 0.7%, due mainly to ICT business, offsetting with
- DTV's revenue decreased by Baht 2 million or 20.0% due to lower revenue from D Channel Platform services.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q1/2017 of Baht 1,870 million, an increase of Baht 76 million or 4.2% compared to Baht 1,794 million for Q1/2016, due to the increase of cost from its satellite business, offsetting with the decrease of cost from Internet and media businesses. To compare with the previous quarter, the cost of sales of goods and rendering of services for Q1/2017 decreased by Baht 199 million or 9.6% from Baht 2,069 million from the decrease of cost from the satellite business, offsetting with the increase of cost from the Internet and media businesses.

Cost of sales of goods and rendering of services	Q1/17	Q4/16	Q1/16	%QoQ	%YoY
Satellite and related services	1,383	1,597	1,286	-13.4%	7.5%
Internet and media businesses*	514	487	531	5.5%	-3.2%
Consolidation eliminations	(27)	(15)	(23)	80.0%	17.4%
Total	**1,870**	**2,069**	**1,794**	**-9.6%**	**4.2%**

* Include cost from sales and services generated by DTV, CDN, and CSL

Cost of satellite and related services

Cost relating to satellite and related services for Q1/2017 was Baht 1,383 million, an increase of Baht 97 million or 7.5% from Baht 1,286 million for Q1/2016, due to the increase of cost relating to conventional satellite business.

Compared to Baht 1,597 million for Q4/2016, the cost relating to satellite and related services for Q1/2017 decreased by Baht 214 million or 13.4%, due to the decrease of both cost relating to the conventional satellite business and the Thaicom 4 Broadband business.

Satellite and related services	Q1/17	Q4/16	Q1/16	%QoQ	%YoY
Conventional*	670	694	574	-3.5%	16.7%
Thaicom 4 Broadband	713	903	712	-21.0%	0.1%
Total	**1,383**	**1,597**	**1,286**	**-13.4%**	**7.5%**

* Include the Thaicom 5 6 7 and 8 Satellites

- Cost relating to the conventional satellite business was Baht 670 million for Q1/2017, up by Baht 96 million or 16.7% from Baht 574 million for Q1/2016, mainly caused by:
  - Cost relating to the Thaicom 8 Satellite such as depreciation and in-orbit insurance, offsetting with
  - The decrease of operating fees, the revenue sharing, following revenue drop offsetting with the increase in percentage of the revenue sharing under Agreement for Operation of Domestic Communication Satellites (Concession Agreement) to Ministry of Digital Economy and Society (formerly known as Ministry of Information and Communication Technology) from 20.5% to 22.5% (maximum rate) since 11 September 2016 according to the terms and conditions of the Concession Agreement.

  Compared to Baht 694 million for Q4/2016, cost relating to the conventional satellite business for Q1/2017 was lower by Baht 24 million or 3.5% from the decrease of operating costs following the slight revenue drop.

- Cost relating to the Thaicom 4 Broadband Satellite business was Baht 713 million, roughly maintained from Baht 712 million for Q1/2016, primarily due to:
  - The increase of operating costs such as Hub service and installation cost, offsetting by
  - Lower depreciation cost, resulting from the increase of fully-depreciated assets.

  Compared to Baht 903 million for Q4/2016, cost relating to the Thaicom 4 Broadband Satellite business for Q1/2017 dropped by Baht 190 million or 21.0%, due mainly to
  - The recognition of the warranty expense for UT in Australia in Q4/2016,
  - Lower depreciation cost, offsetting with
  - The increase of cost of equipment following revenue growth.

Cost of Internet and media services

Cost relating to the Internet and media services for Q1/2017 amounted to Baht 514 million, a decrease of Baht 17 million or 3.2% from Baht 531 million for Q1/2016, due mainly to the decrease of:

- Cost of sales and services from CSL, mainly from Media and Advertising on YellowPages and ICT businesses,
- The decrease in cost of DTV following the revenue drop, offsetting with
- The increase of cost of CDN's sales following the increase of sales of satellite receiver sets.

Compared to Q4/2016, the cost relating to Internet and media services was up by Baht 27 million or 5.5% from Baht 487 million, due mainly to:

- The increase of cost of CDN's sales of following sales growth , offsetting with
- The decrease of cost of sales and services from CSL, mainly from and ICT and Media and Advertising on YellowPages businesses,
- The decrease of cost of DTV's service following revenue drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, were Baht 543 million for Q1/2017, a decrease of Baht 53 million or 8.9% from Baht 596 million for Q1/2016, due mainly to:

- The decrease of provision for doubtful debts for the satellite business mainly resulting from the additional provision recorded according to conservative basis for a customer under rehabilitation, amounting Baht 84 million during Q1/2016.

Compared to Baht 646 million for Q4/2016, SG&A expenses for Q1/2017 was down by Baht 103 million or 15.9%, mainly caused by:

- The decrease of provision for doubtful debts for the satellite business, and
- The decrease of other operating expenses due to efficiency in cost management.

Gain on exchange rate

In Q1/2017, the Company reported a gain on foreign exchange of Baht 95 million. This was largely impacted by the revaluation of borrowings for the satellite projects as a result of the appreciation of the Thai Baht against the US Dollar.

Finance costs

Finance costs totaled Baht 106 million for Q1/2017, up by Baht 36 million or 51.4% from Baht 70 million for Q1/2016, due mainly to

- Interest expense of the Thaicom 8 project which has commercialized since Q3/2016, offsetting with
- The decrease of interest expense of short-term loans since the Company already had repaid all short-term loans for both the satellite business and the loan for LTC's concession extension.

Share of profit of investment in joint venture

Share of profit of investment in joint venture in telephone business for Q1/2017 was Baht 24 million, down by Baht 17 million or 41.5% from Baht 41 million for Q1/2016. This was contributed by an increase of withholding tax from dividend received from LTC, together with one-time adjustment of unearned income from revenue of prepaid service. Excluded the one-time item, normalized share of profit for Q1/2017 was Baht 44 million, increased from Q1/2016.

Compared to the previous quarter, the Company's share of profit decreased Baht 20 million or 45.5% from Baht 44 million. This was also due to withholding tax from dividend and the one-time adjustment.

Net profit

The Company reported a profit attributable to owner of the Company of Baht 259 million for Q1/2017, dropped by Baht 441 million or 63.0% from Baht 700 million for Q1/2016. This was mainly due to

- The decrease of sales and service revenue from both satellite business and Internet and media businesses,
- Costs relating to the Thaicom 8 Satellite, and
- The decrease of share of profit of investment in joint venture.

However, to compare with the previous quarter, the company net profit increased by Baht 373 million or 327.2% from the net loss of Baht 114 million, due mainly to

- The increase of the revenue from both satellite business and Internet and media businesses, and
- The decrease of cost of sales and service, mainly from the recognition of the warranty expense in Australia during the previous quarter.

IV. Financial Position

As at the end of Q1/2017, the Company reported total assets of Baht 32,080 million, a decrease of Baht 760 million or 2.3% from Baht 32,840 million at the end of 2016. This was mainly because of the decrease in:

- Current investments, mostly short-term deposits at financial institutions for long-term loan repayment,
- Depreciation and amortization of PP&E and intangible assets under operating agreements for Q1/2017, offsetting with
- The increase of cash and cash equivalents as a result of profit generated from operating activities.

THCOM's asset components

Assets	March 31, 2017		December 31, 2016	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	9,178	28.6%	9,127	27.8%
Property, plant and equipment	9,186	28.6%	9,347	28.5%
Intangible assets under operating agreement	8,706	27.1%	9,205	28.0%

Trade accounts receivable and accrued income

As at the end of Q1/2017, the Company had net trade accounts receivable and accrued income (excluded other account receivable) of Baht 2,082 million (or 6.5% of total assets), comprising of receivables from other parties and related parties, representing 95.4% and 4.6% of total trade accounts receivable and accrued income, respectively.

The Company had an allowance for doubtful accounts of Baht 371 million or 22.9% of total trade accounts receivable, increased from Baht 352 million as at the end of 2016. Trade and other accounts receivable and accrued income as at the end of Q1/2017 decreased by Baht 66 million from the end of 2016, due mainly to a decrease in trade account receivable for the satellite business.

Liquidity

As at the end of Q1/2017, the Company had a current ratio of 2.27x, down from 2.53x at the end of 2016 due mainly to:

- The increase of trade and other payables, and accrued operating agreement fee,
- The decrease of current investments, mostly from long-term loan repayment, offsetting with
- The increase of cash and cash equivalents from the profit of Q1/2017.

Property, plant and equipment

Property, Plant and Equipment (PP&E) as at the end of Q1/2017 was Baht 9,186 million, a decrease of Baht 161 million or 1.7% from Baht 9,347 million at the end of 2016. This was due mainly to depreciation and amortization of PP&E in Q1/2017.

Borrowings and Shareholders' equity

The Company's net borrowings as at the end of Q1/2017 were Baht 9,667 million, a decrease of Baht 558 million or 5.5% from Baht 10,225 million as at the end of 2016, mainly attributable to long-term loans repayment of borrowings for the satellite projects.

The Company's shareholders' equity as at the end of Q1/2017 was Baht 18,281 million, decreasing by Baht 640 million or 3.4% from Baht 18,921 million at the end of 2016, mainly reflecting from declaration of dividends to owners of the Company of Baht 767 million, offsetting with the net profit for Q1/2017 of Baht 259 million.

As at the end of Q1/2017, with lower the Company's net borrowings, the ratio of net borrowings to equity was 0.53x, slightly down from 0.54x as at the end of 2016.

Cash flows

Net cash provided by operating activities for Q1/2017 was Baht 704 million, a decrease of Baht 497 million or 41.4% from Baht 1,201 million for Q1/2016, due mainly to a decrease in operational profit.

Net cash from investing activities for Q1/2017 was Baht 413 million, most of which were cash received from current investment.

Net cash used in financing activities for Q1/2017 was Baht 428 million, mainly comprising of the loans repayment of borrowings for the satellite projects.

The Company had ending cash and cash equivalents of Baht 3,372 million as at the end of Q1/2017.

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.