

24 MARCH 2021

THAILAND / ICT

THAICOM THCOM TB

REDUCE

TARGET PRICE	THB7.10
CLOSE	THB9.85
UP/DOWNSIDE	-27.9%
TP vs CONSENSUS	-10.8%

มีความท้าทายรออยู่มากเกินไป

กำไรจะอ่อนแอต่อเนื่องในปี 2021

เราคาดว่า THCOM จะยังขาดทุนต่อเนื่องในปี 2021 จากการสิ้นสุดสัญญาของ ดาวเทียม Thaicom 4 และ 6 ในเดือน ก.ย. 21 ดาวเทียมสองดวงดังกล่าวสร้างรายได้มากกว่า 50% ของรายได้รวม หลังการสิ้นสุดสัญญา THCOM จะเหลือแค่ดาวเทียม Thaicom 7 และ 8 ซึ่งให้ส่วนแบ่งรายได้เพียงเล็กน้อยเมื่อเทียบกับขนาดขององค์กร ดังนั้นเราจึงคาดว่า THCOM จะยังขาดทุนในปี 2021 ก่อนพลิกมาเป็นกำไรเล็กน้อยในปี 2022 บริษัทฯ มีโอกาสต่ำที่จะกลับมารายงานกำไรที่มีนัยสำคัญเหมือนอย่างในยุคของธุรกิจดาวเทียมในปี 2016 เมื่อบริษัทฯ รายงานกำไรกว่า 1 พัน ลบ.

ความเสี่ยงจากการต่อเนื่องของสัญญา

หลังการสิ้นสุดสัญญาสัมปทานสำหรับ Thaicom 4 และ 6 ในเดือน ก.ย. 21 NBTC วางแผนเปิดประมูลใหม่สำหรับสิทธิในการใช้วงโคจรดาวเทียมภายในปีนี้ โดยมีวงโคจรพร้อมประมูลอยู่ 4 ช่อง สองจากสี่ช่องนั้นจะตกแทนวงโคจรของ Thaicom 4 และ 5 ในขณะที่ Thaicom 6 คาดว่าจะสามารถดำเนินงานได้ต่อเนื่องจนสิ้นสุดอายุการใช้งานในปี 2032 โดยมีความเป็นไปได้ว่า NT อาจผู้ดำเนินงาน เราเชื่อว่าการประมูลดังกล่าวจะเป็นจุดเปลี่ยนที่สำคัญที่สุดสำหรับอนาคตของ THCOM ในแง่ของความชัดเจนของรายได้และกำไร

มั่นใจกับธุรกิจ LEO มากเกินไป

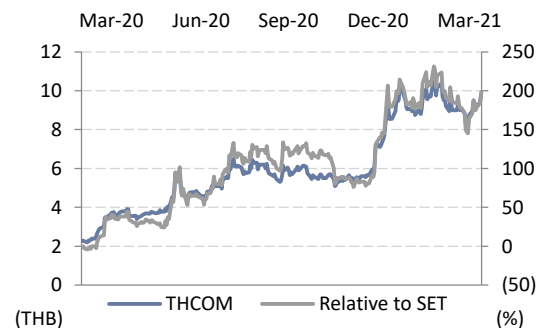
มีการคาดการณ์ในตลาดอย่างกว้างขวางว่า THCOM จะมีโอกาสได้ดำเนินงานดาวเทียมวงโคจรต่ำ (LEO) กับผู้ให้บริการ LEO ชั้นนำ อย่างไรก็ตาม เราเชื่อว่าจะต้องใช้เวลาอย่างน้อยอีก 3-5 ปีก่อนที่ LEO จะสามารถให้บริการทั่วโลก นอกจากนี้เรายังเห็นว่าบริการ LEO ไม่เหมาะสมกับลูกค้าชาวไทย ซึ่งทำให้เรายังไม่ได้รวมโอกาสในการทำธุรกิจดังกล่าวไว้ในสมมติฐานของเรา

แนะนำให้ลดน้ำหนักการลงทุนที่ราคาเป้าหมาย 7.10 บาท

บริษัทฯ ยังคงมีแนวโน้มไม่ชัดเจน ในขณะที่ถ้ามีความชัดเจนแล้วว่าจะอยู่ในระดับต่ำ THCOM ยังต้องรอ 1) การประมูลที่กำลังจะเกิดขึ้นสำหรับสิทธิในการใช้วงโคจรดาวเทียม; 2) กลยุทธ์ของ NT สำหรับ Thaicom 4 และ 6; และ 3) พัฒนาการของ LEO ทั้งหมดเป็นปัจจัยภายนอกที่ THCOM ไม่สามารถทำอะไรเพื่อให้แนวโน้มในอนาคตมีความแน่นอนได้ ดังนั้นเราจึงเริ่มรายงาน THCOM โดยแนะนำให้ลดน้ำหนักการลงทุนที่ราคาเป้าหมาย 7.10 บาท ราคาดังกล่าวคิดจากค่า 2021E P/BV ที่ 0.7x ใกล้เคียงกับ -0.5SD ของค่าเฉลี่ย P/BV ย้อนหลัง 5 ปี THCOM มีสินทรัพย์ประกอบด้วยดาวเทียม Thaicom 7 และ 8 ซึ่งไม่สามารถสร้างรายได้ที่วางใจได้สำหรับบริษัทฯ

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	3,557	2,560	1,850	1,943
Net profit	514	(41)	37	74
EPS (THB)	0.47	(0.04)	0.03	0.07
vs Consensus (%)	-	nm	114.3	16.7
EBITDA	1,323	883	360	363
Core net profit	(135)	(41)	37	74
Core EPS (THB)	(0.12)	(0.04)	0.03	0.07
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	nm	nm	nm	101.9
Core P/E (x)	(79.9)	(260.5)	293.4	145.3
Dividend yield (%)	2.0	-	0.2	0.5
EV/EBITDA (x)	6.1	7.9	18.8	18.5
Price/book (x)	1.0	1.0	1.0	1.0
Net debt/Equity (%)	(24.1)	(34.5)	(35.8)	(36.2)
ROE (%)	(1.2)	(0.4)	0.3	0.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.1	34.0	335.8
Relative to country (%)	(2.1)	21.3	185.4
Mkt cap (USD m)	349		
3m avg. daily turnover (USD m)	6.2		
Free float (%)	59		
Major shareholder	Intouch Holdings (41%)		
12m high/low (THB)	11.40/2.18		
Issued shares (m)	1,096.10		

Sources: Bloomberg consensus; FSSIA estimates


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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทความนี้เผยแพร่จากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 24 มีนาคม 2021

Investment thesis

We see THCOM as facing too many challenging tasks going forward. All of these could be both upside and downside risks to the company in the long term. In our view, the main obstacles that could affect its outlook in the near future are as follows:

- 1) Operations continuing to be loss-making in 2021 then generating a tiny profit in 2022;
- 2) A partnership with National Telecom (NT);
- 3) The upcoming bidding for the right to use the satellite orbital slot within this year;
- 4) LEO satellites.

THCOM's net profit outlook is highly visible, likely remaining sluggish and potentially having only a tiny profit next year. Numerous factors could significantly alter the company's performance, though we will have to wait for further updates to determine their impact.

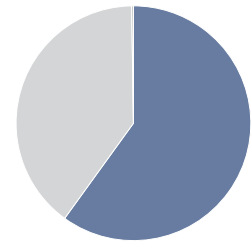
Company profile

Thaicom is a leading Asian satellite operator and provider of integrated satellite communications since 1991. Thaicom was the first operator in the world to develop and launch a High Throughput Satellite (HTS). Thaicom currently operates a fleet of 4 high performance satellites covering Asia, Oceania, and Africa.

investor.ais.co.th

Principal activities (revenue, 2020)

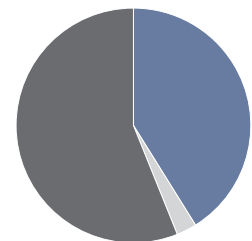
- Conventional satellite - 60.0 %
- Broadband satellite - 39.8 %
- Other revenue - 0.2 %



Source: Thaicom

Major shareholders

- Intouch Holdings - 41.1 %
- Thai NVDR - 2.8 %
- Others - 56.1 %



Source: Thaicom

Catalyst

Potential catalysts for THCOM include:

- Sluggish earnings in the next two years;
- Inability to find new customers during the concession expiration.

Risk to our call

The key upside risks to our P/BV-based TP are 1) if the company is able to secure a new right of use concession for the satellite orbital slots and can generate significant revenue from it; 2) if it can form a partnership with NT or LEO satellite operators; and 3) if its operating costs after the expiration of Thaicom 4 and 6 are lower than expected.

Event calendar

Date	Event
2Q21	Terms and conditions of the right of use for the satellite orbital slots should be finalised
May 2021	1Q21 results announcement

Key assumptions

	2019	2020	2021E	2022E	2023E
	(%)	(%)	(%)	(%)	(%)
Utilisation rate					
- Conventional	55	63	65	63	65
- Broadband	23	20	18	0	0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we project 2022 earnings to rise by 0.3%, and vice versa, all else being equal.
- For every 10 bps increase in gross profit margin, we project 2022 earnings to rise by 4.6%, and vice versa, all else being equal.

Source: FSSIA estimates

Valuation and recommendation

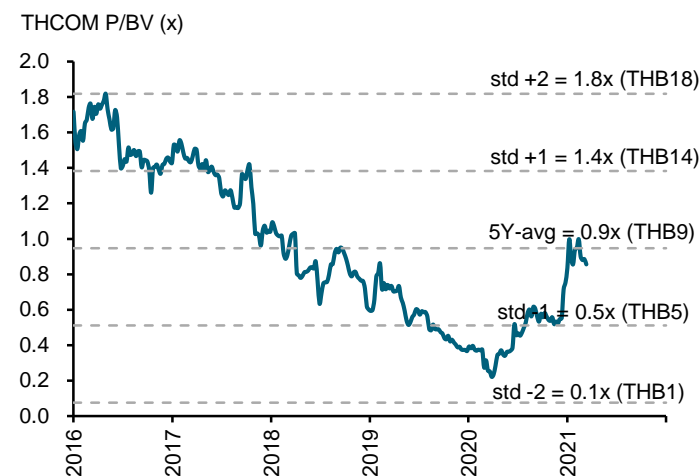
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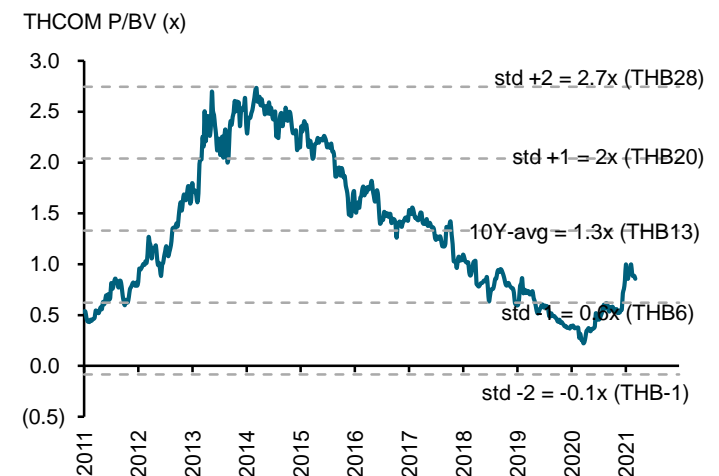
As a result, we recommend avoiding THCOM in the short term. The upcoming bidding for satellite orbital slots will be the big turning point for the company, which should be finalised in 2Q21. We recommend REDUCE on THCOM with a TP of THB7.10 pegged to 0.7x 2021E P/BV (near -0.5SD of its 5-year mean P/BV). The company's current assets (mainly satellites, including Thaicom 7 and 8) are unable to generate reliable revenue for the company.

Exhibit 1: Rolling one-year forward P/BV band (5-year avg.)



Sources: THCOM; FSSIA estimates

Exhibit 2: Rolling one-year forward P/BV band (10-year avg.)



Sources: THCOM; FSSIA estimates

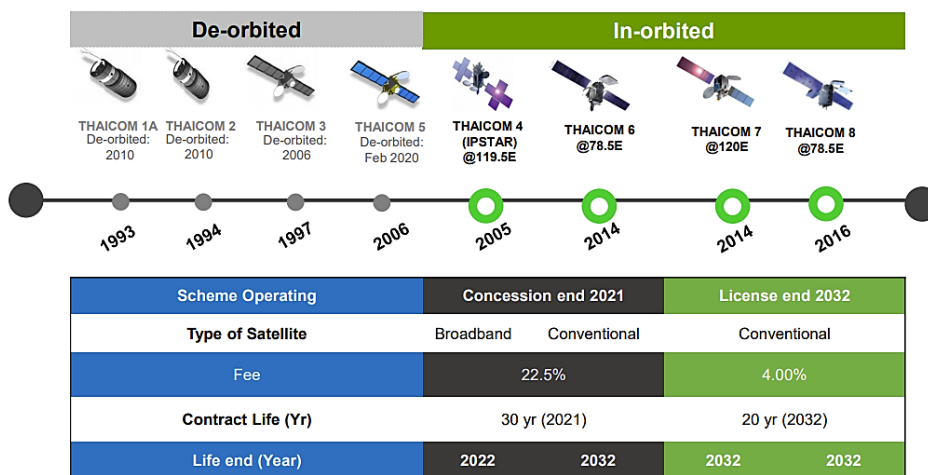
Key highlights

Short term: Stuck in the middle

THCOM has an unclear outlook on its future satellite operations, as the concession on Thaicom 4, the broadband satellite, and Thaicom 6, the conventional satellite, will expire in Sep-21. These two satellites contribute over 50% of its total revenue. Therefore, if the company loses these two satellites to a state enterprise and is unable partner with the state enterprise to operate their ex-satellites, it would have a significant negative impact on the company's earnings in 2021 and likely in 2022 as well as. The process of finding new satellite operators after the expiration of the Thaicom 4 and 6 concession is now under consideration by the government. We expect that these two satellites, after the concession ends, will be under the responsibility of NT, a state enterprise. We expect that the decision should be finalised before the concession contract expires in Sep-21, possibly early in 3Q21.

This issue has been a big burden on THCOM's financial performance because the end of the concession is nearing. THCOM has to maintain its operations as usual, while it is unable to acquire any new customers due to the risk of discontinuing its operations. Moreover, some customers have started to leave and are not willing to extend their contracts over the uncertainty of the continued operations of these two satellites after the concession expires. As a result, THCOM is now stuck in the middle and will likely keep losing revenue while maintaining most of its costs. The company can only wait for the final decision from the government so it can develop a strategic plan for its future – whether it can partner with the new operator or if it will have to stop operating the two satellites permanently.

Exhibit 3: THCOM's satellites



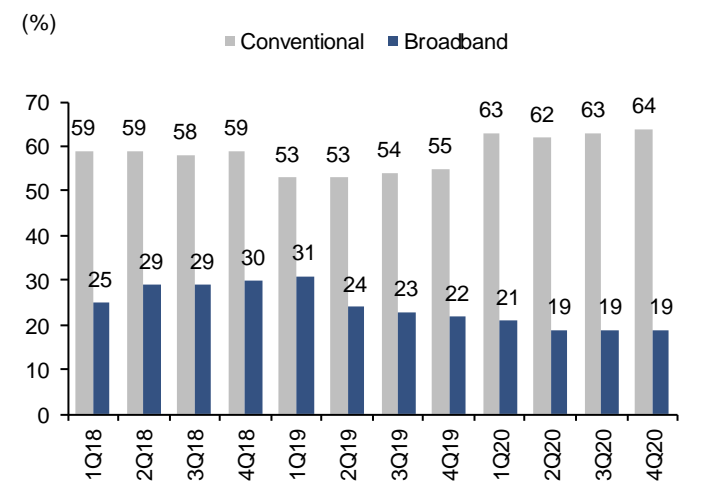
Source: THCOM

THCOM should get something from Thaicom 4 and 6

We have a high degree of confidence that the government will assign NT as the new Thaicom 4 and 6 operator. There is a chance that THCOM can become NT’s partner, as THCOM has extensive experience with these two satellites, along with significant customer insight. Furthermore, the company just set up the Nation Space and Technology Company Limited in a joint venture with CAT Telecom – the state enterprise that is now known as NT after it merged with TOT. This new partnership will provide broadband satellite and related services via LEO satellites. Therefore, with its relationship with CAT, we believe that THCOM is the best candidate to partner with NT in order to help NT operate and sell Thaicom 4 and 6’s services after the expiry of the concession until the end of the useful life in 2022 for Thaicom 4 and 2032 for Thaicom 6.

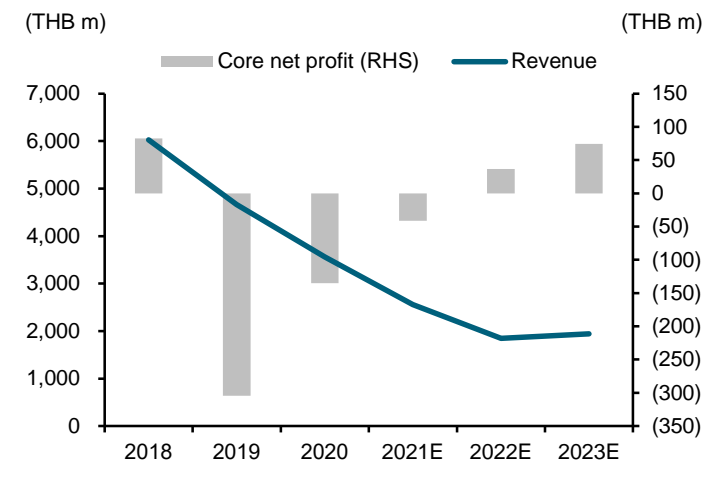
We expect that the partnership will help THCOM clear out its fixed costs on these two satellites, including the depreciation and operation costs. Note that Thaicom 4 now has a utilisation rate of just 19% and has become a loss-making satellite for the company. Changing its position from operator to partner should earn the company a profit, even though its revenue might be a lot lower.

Exhibit 4: Committed bandwidth utilisation



Note: Total capacity adjustment in 4Q20 due to TC5 de-orbit
Source: THCOM

Exhibit 5: THCOM revenue and core net profit (loss)



Sources: THCOM, FSSIA estimates

Bidding for the satellite orbital slots will be the turning point

Given the expiration of the concession on Thaicom 4 and 6 in Sep-21, the National Broadcasting and Telecommunications Commission (NBTC) plans to launch a new auction for the right of use for the satellite orbital slots within this year. There are four orbital slot packages available for auction. They consist of:

- 1) 50.5°E and 51°E with the starting bid price of THB677m;
- 2) 78.5°E with the starting bid price of THB366m;
- 3) 119.5°E and 120°E with the starting bid price of THB393m;
- 4) 126°E and 142°E with the starting bid price of THB365m.

Operators that secure satellite orbital slots are also obliged to pay an annual fee of 4.25% of their total revenue to the regulator. The rate consists of 1.5% for a telecom operating license fee, 2.5% for a universal service obligation (USO) fee, and 0.25% for the right to use orbital slots. The operator also has to pay 10% of the concession price within the first year, 40% within the fourth year, and 50% within the sixth year. The licenses for orbital slot usage run for 20 years.

However, the bidding terms and the auction plan have not yet been finalised. NBTC's management aims to have a new public hearing on Apr-21, which we expect should be the final hearing, and the bidding terms and conditions should be completed within 2Q21. The start of the bidding process and the determination of the winner should occur within 3Q21.

The reason why the bidding has been delayed is due to the negative feedback from operators who think that the starting price of the concessions is quite high, making them unable to compete with other satellite operators from other countries. The operators can rent foreign satellite capacity to do business using landing rights licenses – they pay only an annual license fee of 7% of revenue, without having to shoulder the auction cost. Therefore, we may expect a lower auction price in the future if the NBTC considers the operators' concerns.

Exhibit 6: Satellite Network Filing sets subject to NBTC's allocation

	Orbital Slot	Filing	Bid price
Package 1	50.5°E	C1, N1, P1R	THB677m
	51°E	51	
Package 2*	78.5°E	A2B, LSX2R	THB366m
Package 3*	119.5°E	IP1, P3, LSX3R	THB393m
	120°E	G2K, 120E	
Package 4	126°E	126E	THB365m
	142°E	G3K, -N5	

*THCOM's key focus

Source: NBTC

Turning point for THCOM

In 2021, we expect THCOM to generate revenue of only THB2.6b and then decrease to THB1.9b in 2022, as it would likely have no more revenue from Thaicom 4 and 6. Therefore, the bidding for the right to use the satellite orbital slots this year will be the key turning point for the company in order to secure its revenue in the long term. We strongly believe that THCOM will focus on participating in the second (78.5°E) and third (119.5°E and 120°E) packages which are the Thaicom 4 and 5 locations. The company already has a footprint and customers based on these two locations. This would help the company have a competitive advantage over its competitors.

However, although the company may have a competitive advantage that could help it to win at least one of the concessions – which would help the company secure additional revenue and profit in the long-term – there are still many risks that we are still concerned about, including:

1) Customer transition from Thaicom 4

The technical useful life of Thaicom 4 has only one more year left (2022), while a new satellite would take at least two years to build and launch into orbit after securing a concession. Therefore, it means that Thaicom 4 would need to be able to continue its operations for at least one or two years more, although its useful life will have already ended. This would help THCOM have seamless operations and smooth customer transfers between the old satellite and the new one.

If not, it will be a big issue for the company because satellite customers need 24/7 service and are unable to stop their operations. If there is a gap between the old satellite and the new one, Thaicom 4 customers may move their services to another satellite and might not come back to the new satellite.

2) New Customers

The current utilisation of Thaicom 4 is now only 20% and it keeps decreasing because customers feel insecure about the future of the new satellite. In 2014-15, before the concerns over the expiration of the Thaicom 4 concession were present, it had a utilisation rate of around only 50-60%. This represents the demand for satellite services during that time, and we believe that it might be hard to find new customers and continue contracts with its existing customers in the future.

3) Obsolete technology

Operating a satellite business takes at least 20 years while it's hardware (satellite) is in space. That means that operators are unable to upgrade their hardware in order to improve their services to customers for at least the next 20 years. There are only minor upgrades to software that can help improve services, but we think this might not be enough of a service improvement.

We believe our world is now in a state where the speed of technological improvement is very fast compared to the past 20 years. Mobile phone service technology, for example, has been improved from 2G before the 21st century to 5G at present. The improvement in speed, latency, and coverage has been improved significantly.

Hence, we think there is the risk of operating satellites in the next 20 years during the time when technology improves very quickly. The upcoming LEO satellites could be a threat, as well as mobile services – broadband geostationary (GEO) satellites might be obsolete in the next 10 years. This will be a risk to the company if it gets a new concession.

LEO satellite services still not suitable for Thailand

Although LEO satellites might be the future of satellite technology and a game changer for the telecommunications industry, we believe that they will not have any impact on THCOM's outlook at the moment. LEO broadband services still have a lot of limitations for growth in Thailand for several reasons:

1. Cellular signal coverage in Thailand is very good compared to other countries. According to Advanced Info Service (ADVANC TB, BUY, TP THB200), a leading mobile service operator in Thailand, it's 4G signal now covers over 90% of the country. This is similar to fixed broadband (FBB) that has a coverage of around 80% of the total households in Thailand.
2. The price of LEO subscriptions remains high compared to GEO broadband. According to Starlink, one of the leaders in LEO satellite technology developed by SpaceX, the subscription price for LEO internet is THB3,000/month, which is a lot higher than the FBB price of THB599/month. Even compared with the GEO broadband price at THB1,500/month, LEO services are still more expensive.
3. LEO broadband's speed is slower, while its latency is higher than FBB.

Exhibit 7: Comparison between LEO and GEO broadband service

	High Through Put (HTS)	Low Earth Orbit (LEO)
Application	Fixed Broadband, Mobile Backhaul	Mobility, Latency Sensitive Applications
Latency	250 milliseconds	20 milliseconds
Estimated End User price / month	30 - 40 USD	80 - 100 USD
Speed	500 Mbps - 1 Gbps	100 Mbps
End user device complexity	Low (mature fixed antenna technology)	High (flat antenna tracking multiple satellites)

Source: THCOM

As a result, we believe LEO satellite services might be suitable for a country that has a very big area and low household density such that the infrastructure cost of cellular towers and fibre-optic cables is unfeasible for use cases. We see it as a complimentary service to FBB and cellular services. In Thailand – a country with top telecommunications services at reasonable prices – we think it will be a challenging task for international operators such as Starlink, OneWeb, or Telesat to operate LEO services here.

Nevertheless, we do not think there is zero potential growth for the LEO business, as well as an opportunity for THCOM, yet. The company mentioned that it has talked to LEO operators about selling agent partnerships in Thailand and that THCOM could be a great potential partner for those operators. We think it might take at least another 1-2 years for the technology to develop before LEO services can become viable in Thailand.

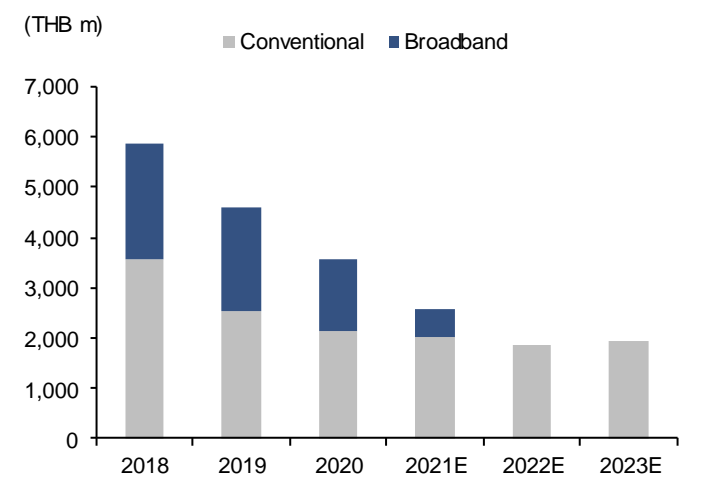
Financial highlights

Burden in 2021, possible turnaround in 2022

With the expiration of its two-satellite concession – the key contributor to THCOM's revenue – in Sep-21, we project the company's 2021 revenue to be THB2.6b (-28% y-y). While the future of both satellites remains unclear, we have not yet included the opportunity of a partnership with NT into our assumptions. Therefore, we expect THCOM to remain loss-making at THB41m in 2021, improving from a THB135m core loss in 2020, thanks to the cost reduction and downsizing in preparation for the contract expiration. However, we expect to see the losses continue every quarter from 1Q21 until 3Q21.

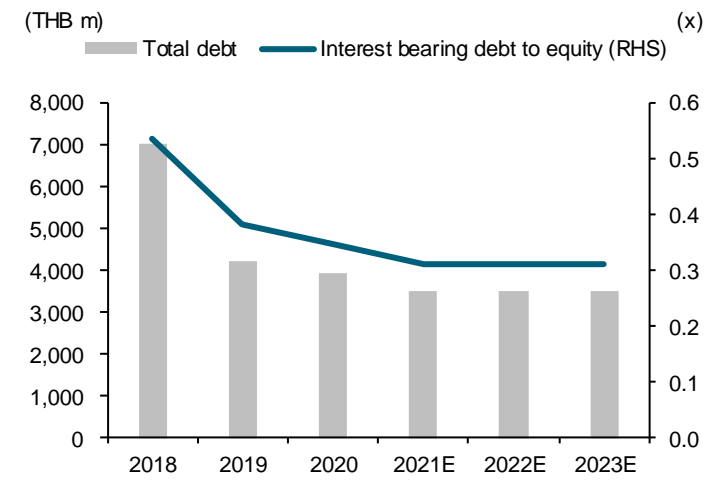
We expect that the company should turn profitable in 2022 if it can reduce all of the costs related to Thaicom 4 and 6 after the expiration of the contract. The company has stated that based on the operation of Thaicom 7 and 8 alone, it will have some profit.

Exhibit 8: THCOM revenue outlook



Sources: THCOM; FSSIA estimates

Exhibit 9: THCOM financial position



Sources: THCOM; FSSIA estimates

Corporate Governance - THCOM

Board structure

Number of Independent Directors (ID)	4 of 9 as of 31 Dec 2020 (THCOM regulates that independent and non-executive directors must constitute a majority of the Board, and at least one-third of the members and not less than three (3) persons must be independent directors, in order to ensure balance between executive and non-executive directors and can express their opinion freely.)
Percentage of IDs on the board	44%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	3/3 in audit and 2/3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Continuously for no more than 3 consecutive terms or 9 years, whichever is longer, unless the Board considers it necessary for such independent directors to continue in office, in which case the Board can extend the term. Every Annual General Meeting of Shareholders, one-third of the directors must retire; if this number is not a multiple of three, then the number nearest to one-third. The directors who have been longest in office shall retire. The directors who have completed their terms may be re-appointed.

Source: THCOM

Additional comments: None

Audit Practices

Auditor	2020, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Length of service	During the past five years
Reporting incidents	None
Fee track record	In 2020, THB6.55m
Policy on change of audit firm	None

Source: THCOM

Additional comments: Based on SET's guidance, listed companies are recommended to change audit firm every seven years.

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2020, THB15.72m vs net profit of THB513.78m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Source: THCOM

Additional comments: None

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually
Related party transactions	The Company set the sale and purchase prices for goods and services with related parties under normal contracts and trade conditions on an arm's length basis. Crucial transactions required adhering to the rules set forth by the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) had been examined and approved of justification and necessity to the Company by the Audit Committee.
Voting issues - policies, incidents of rejected proposals	None

Source: THCOM

Additional comments: None

Financial Statements

Thaicom

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	4,663	3,557	2,560	1,850	1,943
Cost of goods sold	(1,857)	(1,306)	(861)	(776)	(865)
Gross profit	2,806	2,251	1,699	1,074	1,077
Other operating income	-	-	-	-	-
Operating costs	(1,040)	(927)	(817)	(714)	(715)
Operating EBITDA	1,766	1,323	883	360	363
Depreciation	(1,814)	(1,272)	(968)	(371)	(339)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(48)	51	(86)	(11)	24
Net financing costs	(300)	(188)	(175)	(175)	(175)
Associates	(116)	4	10	11	11
Recurring non operating income	221	203	210	231	242
Non recurring items	(1,780)	562	0	0	0
Profit before tax	(1,907)	628	(51)	45	91
Tax	(344)	(114)	9	(8)	(16)
Profit after tax	(2,250)	514	(41)	37	74
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	0	0	0	0	0
Reported net profit	(2,250)	514	(41)	37	74
Non recurring items & goodwill (net)	1,946	(649)	0	0	0
Recurring net profit	(305)	(135)	(41)	37	74
Per share (THB)					
Recurring EPS *	(0.28)	(0.12)	(0.04)	0.03	0.07
Reported EPS	(2.05)	0.47	(0.04)	0.03	0.07
DPS	0.00	0.20	0.00	0.02	0.05
Diluted shares (used to calculate per share data)	1,096	1,096	1,096	1,096	1,096
Growth					
Revenue (%)	(22.6)	(23.7)	(28.0)	(27.7)	5.0
Operating EBITDA (%)	(21.4)	(25.1)	(33.3)	(59.2)	0.8
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	nm	101.9
Reported EPS (%)	nm	nm	nm	nm	101.9
Operating performance					
Gross margin inc depreciation (%)	21.3	27.5	28.6	38.0	38.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	37.9	37.2	34.5	19.5	18.7
Operating EBIT margin (%)	(1.0)	1.4	(3.3)	(0.6)	1.2
Net margin (%)	(6.5)	(3.8)	(1.6)	2.0	3.8
Effective tax rate (%)	20.0	20.0	20.0	20.0	120.0
Dividend payout on recurring profit (%)	-	(162.2)	-	70.0	70.0
Interest cover (X)	0.6	1.4	0.7	1.3	1.5
Inventory days	24.2	25.1	22.6	19.6	13.3
Debtor days	148.3	193.1	208.9	186.8	162.5
Creditor days	124.7	136.9	152.5	112.3	79.6
Operating ROIC (%)	(0.7)	0.8	(1.4)	(0.2)	(0.1)
ROIC (%)	1.2	2.1	1.2	2.3	(0.7)
ROE (%)	(2.5)	(1.2)	(0.4)	0.3	0.7
ROA (%)	(0.3)	0.1	0.6	1.1	0.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Conventional satellite	2,536	2,133	2,010	1,850	1,943
Broadband satellite	2,058	1,415	550	0	0
Other revenue	69	9	0	0	0

Sources: Thaicom ; FSSIA estimates

Financial Statements

Thaicom

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(305)	(135)	(41)	37	74
Depreciation	1,814	1,272	968	371	339
Associates & minorities	116	(4)	0	0	0
Other non-cash items	380	904	(39)	0	0
Change in working capital	(346)	(268)	527	32	(47)
Cash flow from operations	1,660	1,769	1,415	439	366
Capex - maintenance	(90)	(31)	(104)	(104)	(104)
Capex - new investment	(135)	(47)	(156)	(156)	(156)
Net acquisitions & disposals	1,214	(1,227)	0	0	0
Other investments (net)	252	141	0	0	0
Cash flow from investing	1,241	(1,164)	(260)	(260)	(260)
Dividends paid	0	(219)	0	(26)	(52)
Equity finance	0	0	0	0	0
Debt finance	(2,791)	(494)	(408)	0	0
Other financing cash flows	(319)	(214)	0	0	0
Cash flow from Financing	(3,110)	(928)	(408)	(26)	(52)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	1,239	0	0	0
Net other adjustments	(1,146)	1,239	0	0	0
Movement in cash	(1,355)	916	747	153	54
Free cash flow to firm (FCFF)	3,200.41	792.87	1,329.87	354.06	281.05
Free cash flow to equity (FCFE)	(1,355.37)	1,135.58	746.73	179.06	106.05

Per share (THB)

FCFF per share	2.92	0.72	1.21	0.32	0.26
FCFE per share	(1.24)	1.04	0.68	0.16	0.10
Recurring cash flow per share	1.83	1.86	0.81	0.37	0.38

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed asset (gross)	12,213	12,194	12,294	12,394	12,494
Less: Accumulated depreciation	(8,900)	(9,103)	(9,359)	(9,591)	(9,802)
Tangible fixed assets (Net)	3,313	3,091	2,935	2,803	2,692
Intangible fixed assets (Net)	1,594	799	285	307	338
Long-term financial assets	1,127	899	899	899	899
Invest. In associates & subsidiaries	1,409	1,393	1,393	1,393	1,393
Cash & equivalents	5,703	6,619	7,366	7,519	7,573
A/C receivable	1,896	1,867	1,063	831	899
Inventories	124	55	51	32	31
Other current assets	738	931	932	933	933
Current assets	8,460	9,473	9,412	9,314	9,437
Other assets	1,108	1,022	906	863	874
Total assets	17,011	16,676	15,830	15,579	15,633
Common equity	10,995	11,247	11,206	11,217	11,239
Minorities etc.	0	0	0	0	0
Total Shareholders' equity	10,995	11,247	11,206	11,217	11,239
Long term debt	3,811	1,204	3,500	3,500	3,500
Other long-term liabilities	679	723	535	448	465
Long-term liabilities	4,490	1,927	4,035	3,948	3,965
A/C payable	556	424	295	182	195
Short term debt	392	2,704	0	0	0
Other current liabilities	578	374	295	232	235
Current liabilities	1,526	3,502	590	414	430
Total liabilities and shareholders' equity	17,011	16,676	15,830	15,579	15,633
Net working capital	1,624	2,056	1,456	1,381	1,434
Invested capital	10,174	9,259	7,875	7,645	7,630

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	10.03	10.26	10.22	10.23	10.25
Tangible book value per share	8.58	9.53	9.96	9.95	9.94

Financial strength

Net debt/Equity (%)	(13.6)	(24.1)	(34.5)	(35.8)	(36.2)
Net debt/total assets (%)	(8.8)	(16.3)	(24.4)	(25.8)	(26.1)
Current ratio (x)	5.5	2.7	16.0	22.5	21.9
CF interest cover (x)	(3.1)	7.3	6.2	2.9	2.5

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	(35.4)	(79.9)	(260.5)	293.4	145.3
Recurring P/E @ target price (x) *	(25.5)	(57.6)	(187.8)	211.5	104.8
Reported P/E (x)	(4.8)	21.0	(260.5)	293.4	145.3
Dividend yield (%)	-	2.0	-	0.2	0.5
Price/book (x)	1.0	1.0	1.0	1.0	1.0
Price/tangible book (x)	1.1	1.0	1.0	1.0	1.0
EV/EBITDA (x) **	5.3	6.1	7.9	18.8	18.5
EV/EBITDA @ target price (x) **	3.6	3.8	4.4	10.5	10.2
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.9

* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: Thaicom ; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SE-EDI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description	Score Range
Excellent	90-100
Very Good	80-89
Good	70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA’s compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

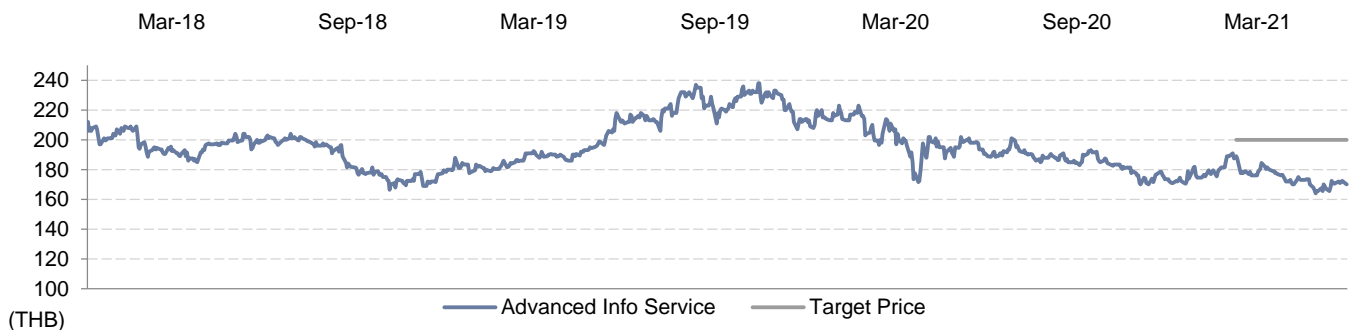
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Advanced Info Service (ADVANC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Dec-2020	HOLD	200.00	05-Jan-2021	HOLD	200.00	09-Feb-2021	BUY	200.00

Naruedom Mujjalinkool started covering this stock from 16-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thaicom	THCOM TB	THB 9.85	REDUCE	The key upside risks to our P/BV-based TP are 1) if the company is able to secure a new right of use concession for the satellite orbital slots and can generate significant revenue from it; 2) if it can form a partnership with NT or LEO satellite operators; and 3) if its operating costs after the expiration of Thaicom 4 and 6 are lower than expected.
Advanced Info Service	ADVANC TB	THB 170.00	BUY	The key downside risks to our DCF-based TP are stronger-than-expected competition in the mobile market and the slower-than-expected adoption of 5G use cases.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 23-Mar-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.