

Company Update

Thursday, October 24, 2024



I V Global Securities Public Company Limited

Thaicom Plc (THCOM)

Rating: Trading BUY

Fair price: Bt16.0

Close price: Bt15.0

Secures a new orbital slot

Company Information

Ticker:	THCOM TB
Sector:	ICT
Shares outstanding (m):	1,096.10
Market capitalization (Btm):	16,441.53
Trading vol/day (Btm):	152.75
Free float (%):	58.86
Beta:	2.52

Major Shareholders

Gulf Ventures Co, Ltd	41.14%
-----------------------	--------

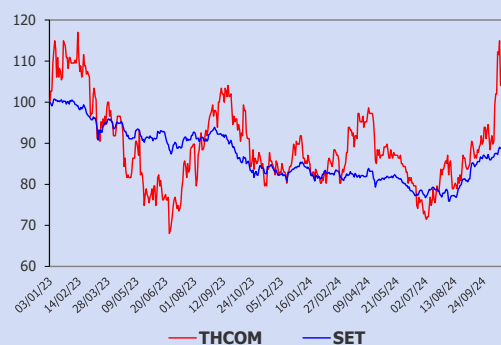
Consensus Bloomberg

2024F EPS (Bt):	0.22
Target price (Bt):	15.47

Price Performance

52 Wk high/low:	17.00 / 10.40
-----------------	---------------

	1M	3M	1Y	YTD
Absolute (%)	11.1	26.1	21.0	13.6
Relative (%)	9.8	13.1	15.9	9.8



Rating	CGR	Thai CAC	SET ESG
THCOM		Certified	AAA

Analyst

Rattana Leenutaphong
rattana@ivglobal.co.th
Tel: 662-658-5787

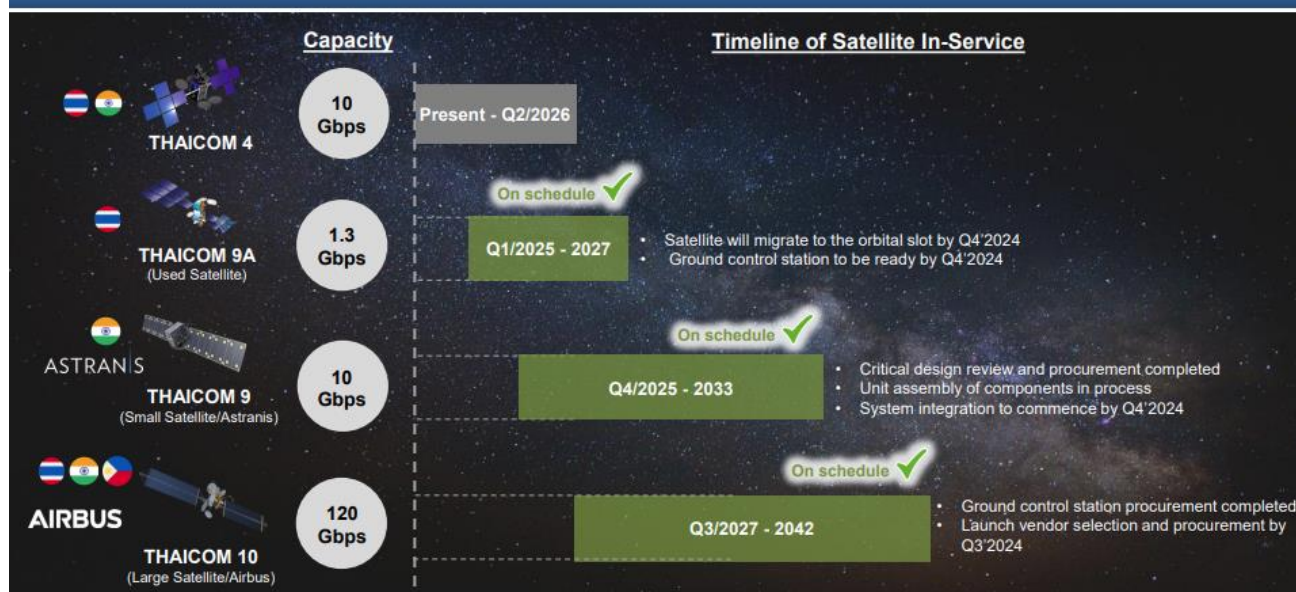
- **Event:** According to press reports, on 24 Oct, the National Broadcasting and Telecommunications Commission's (NBTC) board will consider granting the right to use the 50.5° East slot to TC Space Connect, which is a subsidiary of Thaicom Plc. TC Space's proposal complies with the terms and conditions for this slot. The official announcement is expected soon. The award method is a combination of a direct award and a beauty contest.
- The company will be granted only one satellite orbital slot, i.e., the 50.5° E slot, while the NBTC board rejected the idea of awarding the rights to use the other two orbital slots (i.e., 51° E and 142° E) since the bid proposal was not in line with the NBTC's requirements.
- By granting THCOM the operating rights, the NBTC will be able to solve an urgent issue concerning the country's right to use the 50.5° East slot, which is due to expire on 27 Nov. If no Thai operator is allowed, the NBTC needs to return this orbital slot to the ITU to allow other countries to operate it.
- According to THCOM, there would be a marginal investment cost and low operating risks since the company already had a plan to lease the foreign satellites with a footprint coverage in these areas and then resell the satellite bandwidth. The rented Thaicom 9A satellite (with a small capacity of 1.3Gbps for US\$20m-25m funded internally) will be dragged to the 50.5° East slot, expected by 1Q25. Meanwhile, the company is also working to secure pre-sales of TC-9 (during 2025-32) and TC-9A (between 2025-27) with ample demand from India. TC-9 and TC-9A (small-scale satellite capacity via leasing from foreign satellites) are considered interim solutions located at 119.5° E before TC-10's launch in 2027.
- **Maintain Trading BUY.** THCOM will likely experience a weak operating performance in the medium term as the new TC-10 satellite will be in its orbital slot from 2027. We now estimate 2024F to report a net profit of Bt132m, declining 63% YoY. Meanwhile, 2025F earnings should improve on better service revenue and efforts to secure a new business revenue profile. We prefer to maintain our BUY call with a price target of Bt16, based on 1.7x 2025F book. A downside risk would depend on how soon the company can secure new customer contracts for the interim TC-9 and TC-9A satellites.

Investment summary

FY Dec 31	2021	2022	2023	2024F	2025F	2026F
Revenues (Btm)	3,303	2,927	2,627	2,475	2,531	2,561
Change (%)	(7.1)	(11.4)	(10.3)	(5.8)	2.2	1.2
Net profit (Btm)	144	42	354	132	195	195
Change (%)	(72.0)	(70.6)	737.4	(62.8)	47.9	0.4
EPS (Bt)	0.13	0.04	0.32	0.12	0.18	0.18
Change (%)	(72.0)	(70.6)	737.4	(62.8)	47.9	0.4
P/E (x)	114.4	389.3	46.5	124.8	84.4	84.1
EV/EBITDA (x)	11.9	10.8	14.8	18.6	16.2	16.1
DPS (Bt)	0.30	0.50	0.13	0.05	0.07	0.07
Yield (%)	2.0	3.3	0.9	0.3	0.5	0.5
BVPS (Bt)	10.15	9.63	9.33	9.27	9.40	9.51
P/BV (x)	1.5	1.6	1.6	1.6	1.6	1.6
ROE (%)	1.3	0.4	3.4	1.3	1.9	1.9
ROA (%)	0.9	0.3	2.4	0.9	1.4	1.4
Net D/E ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

Update on 119.5E Orbital Slot



Results preview

(Btm)	3Q24F	3Q23	% YoY	2Q24	% QoQ	9M24F	9M23	% YoY
Sales & service revenues	609	623	(2.2)	638	(4.6)	1,856	1,994	(6.9)
Gross profit	234	278	(15.9)	262	(10.8)	748	871	(14.1)
SG&A	(205)	(194)	5.4	(255)	(19.8)	(685)	(624)	9.7
EBIT	29	84	(65.4)	7	326.7	63	247	(74.5)
Associate income	(40)	(76)	(47.3)	(41)	(1.7)	(130)	(153)	(14.7)
EBITDA	198	243	(18.5)	194	2.1	569	748	(23.9)
Profit before interest expenses	67	86	(21.8)	98	(31.6)	216	319	(32.2)
Interest expenses	(29)	(34)	(15.9)	(23)	25.9	(81)	(99)	(18.5)
Pre-tax profit	38	51	(25.8)	75	(49.3)	136	220	(38.4)
Tax	(20)	(40)	(49.5)	(43)	(53.6)	(99)	(116)	(14.3)
Operating profits	18	18	-	49	(63.3)	79	208	(62.0)
Forex gain	(400)	112	(457.3)	29	(1,476.4)	(71)	242	(129.5)
Net profits	(382)	114	(436.3)	63	(708.0)	(32)	660	(104.8)
EPS (Bt)	(0.35)	0.10	(436.3)	0.06	(708.0)	(0.03)	0.60	(104.8)

Source: Company and IVG estimates

Key operational highlights

(Btm)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total satellite service income	732	633	611	618	607	640
Internet and media services	9	10	17	17	3	3
Others	(6)	(7)	(5)	(3)	(1)	(5)
Total service revenues	735	636	623	632	609	638
Cost of service as % of revenue	53.1	61.0	55.3	63.4	58.6	58.9
SG&A as % of revenue	26.6	31.7	28.9	34.0	33.1	37.5
EBITDA margin	42.4	30.2	39.0	27.1	51.3	30.4
Net margin	12.2	71.7	18.2	-48.4	47.3	9.8
Net DE ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

Company Update

Thursday, October 24, 2024



I V Global Securities Public Company Limited

Quarterly results

(Btm)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Sales & service revenues	691	739	762	736	735	636	623	629
Gross profit	341	361	395	329	345	248	278	229
SG&A	(201)	(188)	(226)	(325)	(213)	(216)	(194)	(230)
EBIT	140	173	169	4	132	32	84	(1)
Associate income	(74)	(104)	(73)	(54)	(19)	(59)	(76)	(31)
EBITDA	347	346	351	166	312	192	243	171
Profit before interest expenses	100	108	155	33	194	39	86	39
Interest expenses	(28)	(28)	(31)	(35)	(34)	(30)	(34)	(28)
Pre-tax profit	72	79	124	(1)	160	9	51	10
Tax	(61)	(15)	(51)	(29)	(43)	(33)	(40)	(22)
Operating profits	11	64	74	(30)	117	(24)	12	9
Forex gain	(23)	229	314	(400)	(54)	184	112	(299)
Net profits	51	309	121	(439)	90	457	114	(306)
EPS (Bt)	0.05	0.28	0.11	-0.40	0.08	0.42	0.10	(0.28)

Source: Company and IVG estimates

Key operational highlights

(Btm)	1Q22	2Q22	3Q22	4Q22	2022	2023
Total satellite service income	690	739	760	745	1,450	1,113
Internet and media services	7	8	9	8	32	53
Others	(6)	(8)	(7)	(25)	1,445	1,461
Total service revenues	691	739	762	728	2,927	2,627
Cost of service as % of revenue	50.6	51.1	48.1	55.9	51.3	58.0
SG&A as % of revenue	26.8	23.5	27.9	42.5	30.1	30.1
EBITDA margin	50.2	46.8	46.1	22.2	40.3	35.0
Net margin	7.3	41.9	15.9	-60.2	1.4	13.5
Net DE ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.

HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months.

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)



Excellent



Very good



Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



I V Global Securities Public Company Limited

18th Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Telephone: +66 (0) 2658-5800 Fax: +66 (0) 2658-5799