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KEY HIGHLIGHTS

Update

Thaicom (THCOM TB/BUY/Bt9.40/Target: Bt12.20)

Positive news coming.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,603.03	2.97	0.19
SET50	970.69	1.94	0.20
Value (Btm) - SET	55,250		
Top 5 Sector			
BANK	372.12	0.03	0.01
PETRO	1,105.06	32.78	3.06
PROP	234.47	0.26	0.11
ENERG	24,927.79	38.81	0.16
ICT	189.05	(0.95)	(0.50)

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
BANPU	13.40	3.08	239,678.5
STP	18.80	4.44	135,551.5
IVL	51.25	3.54	33,464.1
KBANK	147.50	0.34	11,541.9
BBL	134.50	1.13	12,436.7

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
CPH	41.5	29.69	12,910.6
CPL	3.96	29.41	118,584.1
NFC	8.6	29.32	32,679.4
CPR	11.8	28.96	84,631.8
AFC	15.4	26.23	6,995.5

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NPK	15	(23.08)	12.8
ASN	4.2	(13.58)	709.7
PICO	5.65	(13.08)	3,276.1
ICC	33.25	(13.07)	24.9
INSURE	143	(11.73)	3.5

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	121.0	10.3	28.7	60.6
Dubai crude*	122.0	14.8	8.8	59.5
Baltic Dry Index	2,260.0	(27.2)	(16.0)	1.9
Gold Spot***	1,810.8	(0.1)	(5.6)	(1.0)

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
2.8	(340.9)	3,941.5	8,515.5

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.05

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 5.25

COMPANY UPDATE

Thaicom (THCOM TB)

Positive News Coming

The new NBTC plans to open a new round of orbital slot auction for Thailand in Aug 22 after it cancelled the previous auction last year. We think this should be positive for THCOM as it is a new revenue stream in the future. Moreover, we expect to see positive core earnings momentum in the next couple of quarters, and positive developments in its new business opportunities. Maintain BUY. Target price: Bt12.20.

WHAT'S NEW

- **Thai regulator plans to hold a new round of auctions for orbital slot rights.** The new board of the National Broadcasting and Telecommunications Commission (NBTC) plans to hold a public hearing next month for the draft of a new round of auctions for satellite orbital slot rights and expect to hold the auction in Aug 22.
- **The previous auction was scrapped on 18 Aug 21** as the NBTC cancelled its planned auction of four satellite orbital slot packages as the participation of only one contender in the auction cannot create fair competition. At that time, THCOM, through its wholly-owned company TC Space Connect, was the only bidder. The new NBTC board has yet to determine whether it will hold the auction for only one slot, earlier targeted by THCOM, or offer various packages.
- **Some orbital slots granted for Thailand's use are at risk of being cancelled** if the country fails to coordinate with the International Telecommunication Union (ITU), a UN specialised agency for information and communication technologies, and other countries that hold the rights on other adjacent slots. The most critical slot is 119.5 degree East, where Thaicom 4 satellite is located. THCOM handed over the Thaicom 4 satellite and related assets to the Digital Economy and Society (DES) Ministry after its operating concession ended in Sep 21. The DES Ministry assigned National Telecom (NT) to manage the Thaicom 4 satellite. The satellite's lifespan is set to expire in the next two years and the construction of a new satellite may take three years. The NBTC must settle on an auction for the right to use the 119.5 degree slot by this year to prevent damage that could happen to the country's benefits.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	3,557	3,303	2,899	2,217	2,243
EBITDA	1,966	1,189	925	837	839
Operating profit	52	69	345	256	259
Net profit (rep./act.)	516	144	319	254	256
Net profit (adj.)	(135)	(238)	319	254	256
EPS (Bt)	(0.1)	(0.2)	0.3	0.2	0.2
PE (x)	n.m.	n.m.	32.3	40.6	40.2
P/B (x)	0.9	0.9	0.9	0.9	0.9
EV/EBITDA (x)	5.2	8.6	11.1	12.2	12.2
Dividend yield (%)	2.1	2.1	3.2	3.2	3.2
Net margin (%)	14.5	4.3	11.0	11.4	11.4
Net debt/(cash) to equity (%)	16.2	10.5	(0.5)	(3.7)	(2.9)
Interest cover (x)	41.8	45.5	n.a.	n.a.	n.a.
ROE (%)	4.6	1.3	2.9	2.3	2.3
Consensus net profit	-	-	267	286	274
UOBKH/Consensus (x)	-	-	1.19	0.89	0.93

Source: Thaicom, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt9.40
Target Price	Bt12.20
Upside	+29.8%

COMPANY DESCRIPTION

Sole satellite operator in Thailand with mobile phone businesses in Laos.

STOCK DATA

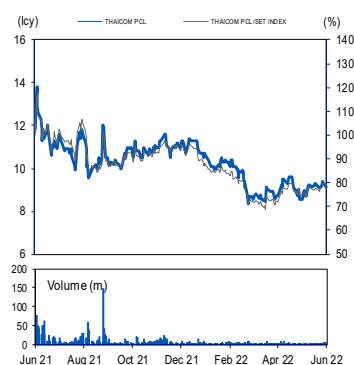
GICS sector	Communication Services
Bloomberg ticker:	THCOM TB
Shares issued (m):	1,096.1
Market cap (Btm):	10,303.4
Market cap (US\$m):	296.4
3-mth avg daily t'over (US\$m):	0.5
Price Performance (%)	
52-week high/low	Bt13.80/Bt8.35

1mth	3mth	6mth	1yr	YTD
5.0	9.3	(16.1)	(19.7)	(16.8)

Major Shareholders

	%
Shin Corporation	41.1
NVDR	4.4
Mr. Wanchai Punvichieng	2.6
FY22 NAV/Share (Bt)	10.18
FY22 Net Cash/Share (Bt)	0.05

PRICE CHART



Source: Bloomberg

ANALYST(S)

Chaiwat Arsirawichai
 +662 659 8301
 chaiwat@uobkayhian.co.th

- Previous orbital auction details.** There were four slot packages up for auction.
 - The first package consists of 50.5°E and 51°E slots with a reserve price of Bt677m (there are no satellites occupying this orbital slot).
 - The second package is 78.5°E with a reserve price of Bt366.4m (Thaicom 5 and 8 satellites located at this orbital slot).
 - The third package is for 119.5°E and 120°E at Bt393m (Thaicom 4 and 7 satellites are located at the 120°E slot).
 - The last package is for 126°E and 142°E at Bt364.6m (there are no satellites occupying this orbital slot).
- THCOM's strategy is to be a regional space tech company.** It will emphasise end-to-end satellite communications solutions with a focus on a global maritime broadband platform that provides reliable, secure, and high-speed connectivity to the maritime sector, as well as Thaicom Express Wi-Fi, a high-speed broadband hotspot service for unserved and underserved areas. Low Earth Orbit (LEO) broadband that connects the unconnected to low-latency high-speed internet or satellite Internet of Things (IoT) solutions that enhance the development of the maritime industry keep devices and people always connected and enhance customer experiences around the world.

- Three new potential businesses to make contributions in the future.** These include:
 - the partnership agreement with Globalstar (NYSE: GSAT), a global LEO satellite operator and a leading provider of satellite IoT solutions and mobile satellite services. The new partnership will serve as a hub for LEO satellite services in Thailand, as well as Cambodia, Laos, Myanmar and Vietnam (CLMV), catering to demand for high-speed internet via 5G technology and innovative applications;
 - the JV company with PTT Exploration and Production (PTTEP). THCOM and PTTEP, through their subsidiaries, have formed a JV, ATI Technologies (ATI), to develop drones and related services for agricultural use;
 - signed a Memorandum of Understanding (MOU) to form a strategic partnership to enter the Broadband-over-satellite market and related services in India. Nxtdigital (NDL) is the media and digital vertical of the Hinduja Group and India's leading digital platforms company, connecting over 5m subscribers.

STOCK IMPACT

- Expect 2Q22 earnings to be flat qoq.** We expect THCOM to continue to report a positive core profit in 2Q22 on the continued revenue from Thaicom 4 and 6 satellites from National Telecom (NT) and the continuation of cost saving programmes. However, these will be partially offset by the potentially lower earnings contribution from Lao Telecom (LTC) as the Lao Kip currency is still depreciating against Baht by 17% 2Q22 qtd, which implies that LTC could see another record huge forex loss in 2Q22.

EARNINGS REVISION/RISK

- None.**

VALUATION/RECOMMENDATION

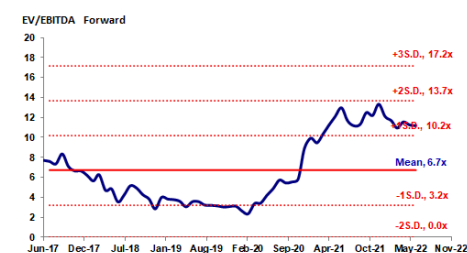
- Maintain BUY with a target price of Bt12.20,** based on a long-term P/B mean of 1.2x. We maintain our BUY call as we expect to see: a) positive earnings momentum in the next couple of quarters, b) positive developments in its new business opportunities, and c) NBTC opening the new auction of the satellite orbital slots, which would serve as a catalyst. These positive factors will also support share price outlook going forward.

REVENUE AND GROSS MARGIN TREND

	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue					
- Satellite	786	795	924	792	690
- Internet & Media	8	7	7	8	7
Gross Margin					
- Satellite	17%	18%	29%	50%	49%
- Internet & Media	38%	57%	43%	38%	43%

Source: THCOM

EV/EBITDA BAND



Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	3,303	2,899	2,217	2,243
EBITDA	1,189	925	837	839
Deprec. & amort.	1,120	580	580	580
EBIT	69	345	256	259
Total other non-operating income	74	74	75	76
Associate contributions	(267)	5	5	5
Net interest income/(expense)	(26)	0	0	0
Pre-tax profit	232	424	337	340
Tax	(88)	(105)	(83)	(84)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
Net profit	144	319	254	256
Net profit (adj.)	(238)	319	254	256

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Financing	(270)	1,580	(58)	(53)
Issue of shares	222	222	222	222
Proceeds from borrowings	0	0	0	0
Loan repayment	(2,970)	230	126	133
Others/interest paid	2,697	1,457	(78)	(79)
Net cash inflow (outflow)	(518)	1,470	496	52
Beginning cash & cash equivalent	2,299	1,780	3,250	3,746
Changes due to forex impact	n.a.	n.a.	n.a.	n.a.
Ending cash & cash equivalent	1,780	3,250	3,746	3,799

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	2,778	2,834	2,891	2,948
Other LT assets	4,512	3,126	3,018	2,924
Cash/ST investment	1,780	3,250	3,746	3,799
Other current assets	6,269	6,445	5,992	6,054
Total assets	15,340	15,656	15,647	15,726
ST debt	0	0	0	0
Other current liabilities	770	560	487	492
LT debt	2,949	3,192	3,331	3,478
Other LT liabilities	491	742	742	742
Shareholders' equity	11,129	11,162	11,087	11,014
Minority interest	0	0	0	0
Total liabilities & equity	15,340	15,656	15,647	15,726

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	36.0	31.9	37.7	37.4
Pre-tax margin	7.0	14.6	15.2	15.1
Net margin	4.3	11.0	11.4	11.4
ROA	0.9	2.1	1.6	1.6
ROE	1.3	2.9	2.3	2.3
Growth				
Turnover	(7.1)	(12.2)	(23.5)	1.2
EBITDA	(39.5)	(22.2)	(9.5)	0.3
Pre-tax profit	(63.2)	82.8	(20.6)	0.9
Net profit	(72.2)	122.3	(20.5)	0.9
Net profit (adj.)	n.a.	n.a.	(20.5)	0.9
EPS	n.a.	n.a.	(20.5)	0.9
Leverage				
Debt to total capital	20.9	22.2	23.1	24.0
Debt to equity	26.5	28.6	30.0	31.6
Net debt/(cash) to equity	10.5	(0.5)	(3.7)	(2.9)
Interest cover (x)	45.5	n.a.	n.a.	n.a.

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