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### KEY HIGHLIGHTS

Update

**Thaicom (THCOM TB/HOLD/Bt11.30/Target: Bt12.20)**

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NBTC plans to hold an orbital slot auction in Dec 22. THCOM's share price has already priced-in most positive news. Downgrade to HOLD.

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,654.62	14.62	0.89
SET50	993.48	5.99	0.61
Value (Btm) - SET	57,885		
<b>Top 5 Sector</b>			
BANK	380.33	1.94	0.51
PETRO	986.82	(2.00)	(0.20)
PROP	252.52	1.06	0.42
ENERG	25,738.52	319.36	1.26
ICT	172.24	1.20	0.70

Source: Bloomberg

### TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
DELTA	668.00	10.60	9,965.6
PTTEP	163.00	1.88	15,297.7
SCB	111.50	0.00	17,436.9
GULF	56.50	1.80	32,722.7
PTT	36.75	1.38	36,255.0

### TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
JCKH	0.20	17.65	65,670.0
TC	13.50	13.45	18,485.0
PRG	13.20	12.82	1,838.3
DELTA	668.00	10.60	9,965.6
KASET	1.95	9.55	24,628.2

### TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NEWS	0.03	(25.00)	34,944.8
PPPM	0.12	(7.69)	16,054.1
UPF	53.50	(6.55)	5.7
TRV	3.86	(5.39)	12,750.2
CRANE	1.44	(5.26)	32,297.3

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	92.3	(4.7)	(19.1)	25.1
Dubai crude*	90.5	(6.8)	(25.7)	18.3
Baltic Dry Index	1,213.0	(17.9)	(47.7)	(45.3)
Gold Spot***	1,718.0	(4.7)	(8.2)	(6.1)

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

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
35.7	(290.6)	4,882.4	8,467.1

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 36.45

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

Thai Lending Rate (%) - MLR = 5.25

### COMPANY UPDATE

## Thaicom (THCOM TB)

NBTC Plans To Hold Orbital Slot Auction In Dec 22

**NBTC plans to hold a new round of orbital slot auctions for Thailand in Dec 22 after it cancelled the previous auction last year. In terms of earnings outlook, THCOM's 2H22 core earnings should be flat vs that in 1H22. Downgrade to HOLD with the same target price of Bt12.20 due to limited upside after THCOM's share price rallied 30% in the last two months. We believe the current share price has priced in most of the positive news.**

### WHAT'S NEW

- **Thai regulator plans to hold a new round of auctions for orbital slot rights.** National Broadcasting and Telecommunications Commission (NBTC) is holding a public hearing from 11 Aug 22 to 12 Sep 22 for the draft of a new round of auctions for satellite orbital slot rights and expects to hold the auction in Dec 22. There are five orbital slot packages:
  - The first package consists of 50.5°E and 51°E with a reserve price of Bt522m (with only one bidder) or Bt374m (more than one bidder). At present, there are no satellites occupying this orbital slot.
  - The second package is for 78.5°E with a reserve price of Bt503m (with only one bidder) or Bt360m (more than one bidder). At present, Thaicom 8 is located at this orbital slot.
  - The third package is for 119.5°E and 120°E with a reserve price of Bt547m (with only one bidder) or Bt397m (more than one bidder). At present, Thaicom 4 and seven satellites are located at the 120°E slot.
  - The fourth package is for 126°E with a reserve price of Bt8m. At present, there is no satellite occupying this orbital slot.
  - The last package is for 142°E with a reserve price of Bt259m (with only one bidder) or Bt189m (more than one bidder). At present, there is no satellite occupying this orbital slot.
- The new December auction is set to have two-tier reserve prices, with the 20% higher price used if there is only one bidder. The combined reserve price of the five packages is Bt1.84b if each package has one bidder, compared with Bt1.80b in last year's auction.

### 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

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

## HOLD

(Downgraded)

Share Price	Bt11.30
Target Price	Bt12.20
Upside	+8.0%

### 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 (%)

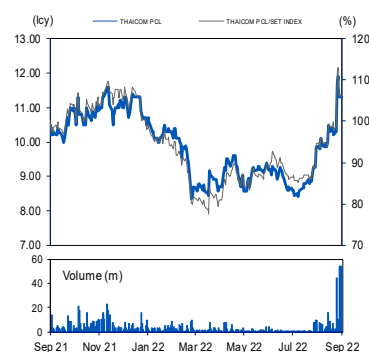
52-week high/low	Bt13.80/Bt8.35			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
5.0	9.3	(16.1)	(19.7)	(16.8)

### Major Shareholders

	%
Shin Corporation	41.1
NVDR	4.4
Mr. Wanchai Punvicheng	2.6

FY22 NAV/Share (Bt)	10.18
FY22 Net Cash/Share (Bt)	0.05

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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- THCOM should be one of the potential winners.** According to NBTC's requirements, bidders need to have sufficient experience and financial capability (the bidder needs to show a financial support certificate with more than Bt1.0b from itself, shareholders or financial institutes) to operate the satellite business for package II (78.5°E slot) and package III (119.5°E/120°E slot). THCOM has been the sole satellite operator in Thailand for the past few years. Moreover, it had cash on hand of around Bt5.5b as of end-2Q22.
- We expect THCOM to be interested in the 78.5°E slot, where its Thaicom 8 satellite is located. This is a so-called "Hot Bird" position with high potential and business value for broadcasting services. We also expect THCOM to submit bids for the 119.5°E/120°E slot; it is currently operating Thaicom 4 and 7 satellites at 120°E, and there are customer portfolios in this orbital slot. THCOM is evaluating the auction packages. However, it will require 2-3 years to develop and launch new satellites with US\$150-200m in investment per satellite for a medium-sized satellite (like Thaicom 8) and US\$350-400m for a large-sized satellite (like Thaicom 4). Hence, we should see revenue generation from these new satellites by 2024 or 2025. Management mentioned that Thaicom 4's engineering life has been extended to 2024 and THCOM is continuing to lease this satellite from National Telecom (NT).
- Management maintains focus on new potential businesses.** These include: a) the partnership agreement with Globalstar (NYSE: GSAT), a global LEO satellite operator and a leading provider of satellite IoT solutions and mobile satellite services, with the new partnership serving as a hub for LEO satellite services in Thailand, as well as Cambodia, Laos, Myanmar and Vietnam, catering to demand for high-speed internet via 5G technology and innovative applications; b) the JV company, ATI Technologies, with PTT Exploration and Production, to develop drones and related services for agricultural use; c) the Memorandum of Understanding (MOU) with Nxtdigital, the media and digital vertical of the Hinduja Group and India's leading digital platforms company, connecting over 5m subscribers, to enter the broadband-over-satellite market and related services in India; and d) plans to build the new satellite, which are expected to be finalised by end-22.

### STOCK IMPACT

- Expect 2H22 earnings to maintain profitability.** We expect THCOM to continue reporting a positive core profit in 2H22 on the continued revenue from the Thaicom 4 and 6 satellites from NT and the continuation of cost-cutting programmes. Moreover, we expect a better earnings contribution from Lao Telecom (LTC) as the Lao Kip currency is stabilising, which implies that LTC will not see a huge forex loss like in the last few quarters.

### EARNINGS REVISION/RISK

- None.

### VALUATION/RECOMMENDATION

- Downgrade to HOLD** (from BUY previously) with the same target price of Bt12.20, based on a long-term P/B mean of 1.2x. We downgrade to HOLD due to limited upside after THCOM's share price rallied by 30% in the last two months and we believe the current share price has already priced in most of the positive news. Moreover, if THCOM wins the new orbital slot auctions, it will take 2-3 years before generating a revenue stream.

### SATELLITE ORBITAL SLOT PACKAGES FOR AUCTION

Packages	Former reserve prices (Million baht)	New reserve prices (Million baht)	
		One bidder	More than one bidder
50.5/51°E	676	522	374
78.5°E	366	503	360
119.5/120°E	392	547	397
126°E	* 364	8	8
142°E		259	189

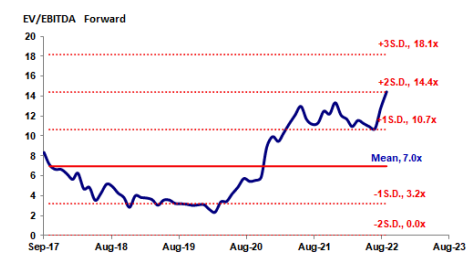
Source: NBTC, Bangkok Post

### REVENUE AND GROSS MARGIN TREND

	1Q21	2Q21	3Q21	4Q21	1Q22
<b>Revenue</b>					
- Satellite	786	795	924	792	690
- Internet & Media	8	7	7	8	7
<b>Gross Margin</b>					
- 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
<b>Net turnover</b>	<b>3,303</b>	<b>2,899</b>	<b>2,217</b>	<b>2,243</b>
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
<b>Pre-tax profit</b>	<b>232</b>	<b>424</b>	<b>337</b>	<b>340</b>
Tax	(88)	(105)	(83)	(84)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
<b>Net profit</b>	<b>144</b>	<b>319</b>	<b>254</b>	<b>256</b>
Net profit (adj.)	(238)	319	254	256

### CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
<b>Financing</b>	<b>(270)</b>	<b>1,580</b>	<b>(58)</b>	<b>(53)</b>
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)
<b>Net cash inflow (outflow)</b>	<b>(518)</b>	<b>1,470</b>	<b>496</b>	<b>52</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>2,299</b>	<b>1,780</b>	<b>3,250</b>	<b>3,746</b>
Changes due to forex impact	n.a.	n.a.	n.a.	n.a.
<b>Ending cash &amp; cash equivalent</b>	<b>1,780</b>	<b>3,250</b>	<b>3,746</b>	<b>3,799</b>

### BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
<b>Fixed assets</b>	<b>2,778</b>	<b>2,834</b>	<b>2,891</b>	<b>2,948</b>
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
<b>Total assets</b>	<b>15,340</b>	<b>15,656</b>	<b>15,647</b>	<b>15,726</b>
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
<b>Total liabilities &amp; equity</b>	<b>15,340</b>	<b>15,656</b>	<b>15,647</b>	<b>15,726</b>

### KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
<b>Profitability</b>				
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
<b>Growth</b>				
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
<b>Leverage</b>				
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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