

1Q 2017: Management Discussion and Analysis

1Q 2017 Highlights

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenues for the three-month period of THB 2,971 million with net profit attributable to equity holders of the Company of THB 35 million.

SAMART's performance by business lines;

Samart Corporation PCL., divided its businesses into four lines of business

- 1.) Mobile Multimedia Business or "SIM"
- 2.) ICT Solution and Service Business or "SAMTEL"
- 3.) Contact Center Business or "OTO"
- 4.) Non-listed Business

Mobile Multimedia Business

(Samart i-Mobile Pcl. or "SIM")

Although the decline of Mobile Business' revenues caused from the slowdown of handset market and domestic economy, however the company had expanded to many brands ('Multi Brand Distributor') such as Oppo, Samsung, Huawei and Vivo. The Non-Mobile Business, on another hand, has been continuously developed the application that match with consumer behavior, as well as, expanded the customer base to both public and private sector.

ICT Solutions and Services

(Samart Telcoms Pcl. or "SAMTEL")

In this quarter, the new projects were signed with the total value of THB 1,798 million; for example, THB 941

million with the Royal Thai Armed Forces Headquarters for the procurement and implementation of military communication network, and the Treasury Department for Cadastral Mapping Database and Land Appraisal Management with the total value of THB 249 million etc. By the end of 1Q2017, SAMTEL had total backlog worth THB 9,268 million.

Contact Center

(One to One Contacts Pcl. or "OTO")

In this quarter, OTO continues to sign a several new projects together with renewal some existing projects with the total value worth THB 223 million. By the end of 1Q2017, OTO had total backlog of THB 930 million.

Non-Listed Businesses

Currently, Samart U-Trans Co., Ltd. or "SUT" is on the studying process of several power plants in both Thailand and neighboring countries for biomass power plant, waste power plant, solar power plant, hydro power plant, coal-fired power plant and transmission line business. Meanwhile, the Company is conducting feasibility study for 4 waste power plants located in Thailand.

Financial Performance

Revenues

The consolidated sales, contract works and services revenues (after elimination of related parties transaction) in 1Q2017 were THB 2,955 million,

dropped by 39% YoY which was mainly from the following reasons;

Mobile Multimedia Business

Sales and Services Revenues from Mobile Multimedia Business in 1Q2017 were THB 419 million, decreased by 71% YoY mainly from the drop in handset revenue as a result of the reduction in average price per unit, decrease in number of handset sale, as well as handset subsidies program from mobile operators.

ICT Solution and Services Business

The revenues from sales, contract works and services in 1Q2017 were THB 1,395 million, slightly decreased from the same period of last year.

Contact Center Business

The revenues from sales and services in 1Q2017 were THB 241 million or increased by 17% YoY due to the increase in revenues from “Fully Outsourced Contact Center Management Service”, “Outsourced Customer Service Representative” and “Maintenance Service”.

Non-Listed Business

The revenues from sales and services from non-listed business were declined by 15% YoY. The decrease in sales and services revenues mainly came from revenues of Samart U-TRANS Co., Ltd.

Cost of Sales and Services

Cost of sales and services dropped by 28% YoY. The decrease in cost of sales and services compared to 3Q2015 were aligned with the decrease in revenues from Mobile Multimedia Business and Non-listed Business.

Selling and Administrative Expenses

Selling and Administrative expenses were THB 518 million, dropped by 4% YoY resulting from the decrease in marketing expenses and after-sale service from Mobile Multimedia Business.

Finance Cost

Finance cost was THB 120 million, decreased by 6% YoY.

Net Profit

Net profit attributable to the equity holders of the company was THB 35 million, fell by THB 79 million or 69% YoY, as a result of the decrease in net profit from Mobile Multimedia Business.

Financial Position

As of 31 March 2017, SAMART reported the total assets of THB 24,372 million, slightly decreased as compared to the year-end of 2016.

The total liabilities decreased from THB 17,310 million by the end of 2016 to THB 16,537 million in this quarter or decreased by 4%, which were mainly from the decreased in bank overdrafts and short-term loans from financial institutions and trade and other payables.

The total shareholders' equity was reported THB 7,835 million.