

## 2Q 2017: Management Discussion and Analysis

### 2Q 2017 Highlights

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenues for the three-month period of THB 3,893 million with Net loss attributable to equity holders of the company was THB 188 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 is restructuring its business to make it more sustainable and firm growth in the future. Moreover, SIM still looks forward to continuing the business alliance with Communication Authority of Thailand (CAT) in service provider of the Digital Trunked Radio System for the customers in public and private sectors.

#### **ICT Solution and Service Business**

##### **(Samart Telcoms Pcl. or "SAMTEL")**

In this quarter, the new projects were signed with the total value of THB 2,043 million mainly from purchase orders of procurement and maintenance services of Core Banking system and Loan Origination system from Government Housing Bank (THB 1,400 million). By the end of 2Q2017, SAMTEL had total backlog worth THB 9,633 million.

#### **Contact Center Business**

##### **(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 120 million. By the end of 2Q2017, OTO had total backlog of THB 920 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 2Q2017 were THB 3,865 million, increased by 20% YoY which was mainly from the following reasons;

#### Mobile Multimedia Business

Sales and Services Revenues from Mobile Multimedia Business in 2Q2017 were THB 329 million, decreased by 59% 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.

#### ICT Solution and Service Business

The revenues from sales and services in 2Q2017 were THB 1,678 million, increased by 24% from the same period of the last year.

#### Contact Center Business

The revenues from sales and services in 2Q2017 were THB 204 million or dropped by 16% YoY due to the decrease in revenues from "Turnkey Total Solutions" mainly from the economic slowdown caused of the postpone of the investment in many projects in the first half of the year. However, the company expect that its will be better in the second half of the year.

#### Non-Listed Business

The revenues from sales and services from non-listed business were increased by 97% YoY. The increase in sales and services revenues mainly came from revenues of Utilities and Transportations Business.

### Cost of Sales and Services

Cost of sales and services increased by 32% YoY. The increase in cost of sales and services compared to 2Q2016 were aligned with the increase in revenues from ICT Solution and Service Business and Non-listed Business.

### Selling and Administrative Expenses

Selling and Administrative expenses were THB 470 million, dropped by 11% YoY resulting from the decrease in marketing expenses and after-sale service from Mobile Multimedia Business.

### Finance Cost

Finance cost was THB 122 million, stable YoY.

### Net Profit/ Loss

Net loss attributable to the equity holders of the company was THB 188 million, as a result of the loss from Mobile Multimedia Business.

### Financial Position

As of 30 June 2017, SAMART reported the total assets of THB 24,545 million, decreased by 3% as compared to the year-end of 2016.

The total liabilities slightly decreased from THB 17,310 million by the end of 2016 to THB 17,149 million in this quarter. The total shareholders' equity was reported THB 7,397 million.