

2Q 2018: Management Discussion and Analysis

2Q 2018 Highlights

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenues for the three-month period of THB 3,014 million with Net Loss attributable to equity holders of the company was THB 183 million.

SAMART's performance by business lines;

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

- 1) Digital Business or "SDC"
- 2) ICT Solution and Service Business or "SAMTEL"
- 3) Contact Center Business or "OTO"
- 4) Utilities and Transportations Business*
- 5) Technology Related Business*

(*Non-listed Business)

Digital Business

(Samart Digital Pcl. or "SDC")

The Company is currently in the installation phase of Digital Trunked Radio System (DTRS) and Co-Tower cellular base station in the Department of Natural Park. These new businesses will make the Digital Business more sustainable and firm growth in the future.

ICT Solution and Service Business

(Samart Telcoms Pcl. or "SAMTEL")

In this quarter, the new projects were signed with the total value of THB 3,226 million; for example, the development of land information system (phase 2) project from the Department of Lands value of THB 2,768 million. By the end of 2Q2018, SAMTEL had total backlog worth THB 8,246 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 26 million. By the end of 2Q2018, OTO had total backlog of THB 770 million.

Non-Listed Business

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. Moreover, the Company is also exploring the possibility of developing the motorway project.

Financial Performance

Revenues

The consolidated sales, contract works and services revenues (after elimination of related parties transaction) in 2Q2018 were THB 2,982 million, decreased by 23% YoY which was mainly from the following reasons;

Digital Business

Sales and Services Revenues from Digital Business in 2Q2018 were THB 224 million, decreased by 32% YoY mainly from the restructuring of Digital Business to make it more sustainable in the future.

ICT Solution and Service Business

The revenues from sales, contract works and services in 2Q2018 were THB 2,086 million, increased by 24% from the same period last year, resulted from more revenues recognition in many projects in this quarter.

Contact Center Business

The revenues from sales and services in 2Q2018 were THB 177 million or dropped by 13% YoY due to the decrease in revenues from “Fully Outsourced Contact Center Management Service” from the same period last year.

Non-Listed Business

The revenues from sales, contract works and services from non-listed business were THB 755 million, decreased by 56% YoY. The decrease in sales and services revenues mainly came from Utilities & Transportations and Technology related Business.

Cost of Sales, Contract Works and Services

Cost of sales, contract works and services were THB 2,395 million, decreased by 27% YOY. The cost of sales, contract works and services were came from ICT Solution and Service Business.

Selling and Administrative Expenses

Selling and Administrative expenses were THB 439 million, dropped by 7% YoY resulting from the decrease in marketing expenses and after-sale service from Digital Business.

Finance Cost

Finance cost was THB 141 million, increased by 16% YoY.

Net Profit / Loss

Net Loss attributable to the equity holders of the Company was THB 183 million, the Net Loss in this quarter resulted from Digital Business and unrealized loss on foreign exchange loan (USD) from Utilities and Transportation Business

Financial Position

As of 30 June 2018, SAMART reported the total assets of THB 22,012 million, remain unchanged compared to the year-end of 2017.

The total liabilities decreased from THB 16,060 million by the end of 2017 to THB 15,959 million, minor changed compare to last year. The total shareholders' equity was reported THB 6,052 million.