

## 3Q 2016: Management Discussion and Analysis

### 3Q 2016 Highlights

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenues for the three-month period of THB 3,306 million with net profit attributable to equity holders of the Company of THB 10 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 Solutions and Services 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, the Non-Mobile Business, on another hand, has been continuously improved from live broadcasting and new business. Moreover, SIM still continues to expand the Non-Mobile Business by fully access to the Digital Commerce market.

#### **ICT Solutions and Services**

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

In this quarter, the new projects were signed with the total value of THB 707 million. The total new contracts

signed since the beginning of the year were THB 2,814 million. By the end of 3Q2016, SAMTEL had total backlog worth THB 6,724 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 40 million. By the end of 3Q2016, OTO had total backlog of THB 1,136 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 and services revenues (after elimination of related parties transaction) in 3Q2016 were THB 3,203 million, dropped by 35% YoY which was mainly from the following reasons;

### **Mobile Multimedia Business**

Sales and Services Revenues from Mobile Multimedia Business in 3Q2016 were THB 726 million, decreased by 63% 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 Solutions and Services Business**

The revenues from sales and services in 3Q2016 were THB 1,514 million, decreased by THB 235 million or 13% YoY.

### **Contact Center Business**

The revenues from sales and services in 3Q2016 were THB 239 million or increased by 4% YoY due to the increase in revenues from “Turnkey Total Solutions” and “Fully Outsourced Contact Center Management Service” which were the Government and State Enterprise sector.

### **Non-Listed Business**

The revenues from sales and services from non-listed business were declined by 35% YoY. The decrease in sales and services revenues mainly came from revenues of Samart Engineering Co., Ltd and Samart U-TRANS Co., Ltd.

### **Cost of Sales and Services**

Cost of sales and services dropped by 33% 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 565 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 126 million, decreased by 6% YoY, mainly from a decrease in finance cost from Mobile Multimedia Business.

### **Net Profit**

Net profit attributable to the equity holders of the company was THB 10 million, fell by THB 232 million or 96% YoY, as a result of the decrease in net profit from Mobile Multimedia Business and ICT Solutions and Services Business.

### **Financial Position**

As of 30 September 2016, SAMART reported the total assets of THB 26,376 million, slightly decreased as compared to the year-end of 2015.

The total liabilities decreased from THB 18,999 million by the end of 2015 to THB 18,262 million in this quarter or decreased by 4%, which were mainly from the decreased in trade and other receivables.

The total shareholders' equity declined to THB 8,114 million as the unappropriated retained earnings decreased.