

3Q 2017: Management Discussion and Analysis

3Q 2017 Highlights

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenues for the three-month period of THB 3,173 million with Net loss attributable to equity holders of the company was THB 65 million.

SAMART's performance by business lines;

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

- 1.) Digital Business or "SDC" (formerly known as Mobile Multimedia Business)
- 2.) ICT Solution and Service Business or "SAMTEL"
- 3.) Contact Center Business or "OTO"
- 4.) Non-listed Business

Digital Business

(Samart Digital Pcl. or "SDC")

The company is restructuring its business to make it more sustainable and firm growth in the future. In the past quarter, SDC has signed the Business Alliance Agreement with Communication Authority of Thailand (CAT) in service provider of the Digital Trunked Radio System or "DTRS" on 800 MHz 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 691 million mainly from the CAT Telecom's Transmission Upgrade for Backhaul Network with the portion for SAMTEL value is THB 264 million. By the end of 3Q2017, SAMTEL had total backlog worth THB 8,658 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 63 million. By the end of 3Q2017, OTO had total backlog of THB 941 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 3Q2017 were THB 3,154 million, decreased by 2% YoY which was mainly from the following reasons;

Digital Business

Sales and Services Revenues from Digital Business in 3Q2017 were THB 330 million, decreased by 55% 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, contract works and services in 3Q2017 were THB 1,911 million, increased by 26% from the same period last year.

Contact Center Business

The revenues from sales and services in 3Q2017 were THB 180 million or dropped by 25% YoY due to the decrease in revenues from “Turnkey Total Solutions” and “Fully Outsourced Contact Center Management Service” from the same period last year.

Non-Listed Business

The revenues from sales and services from non-listed business were THB 806 million, increased by 7% 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 were THB 2,642 million, stable YOY. The cost of sales and services 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 526 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 123 million, stable YoY.

Net Profit/ Loss

Net loss attributable to the equity holders of the company was THB 65 million, as a result of the loss from Digital Business.

Financial Position

As of 30 September 2017, SAMART reported the total assets of THB 23,888 million, decreased by 5% 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 16,660 million, dropped by 4%. The total shareholders' equity was reported THB 7,228 million.