

3Q 2018: Management Discussion and Analysis

3Q 2018 Highlights

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenues for the three-month period of THB 3,209 million with Net Loss attributable to equity holders of the company was THB 74 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 470 million; for example, the maintenance services of meters and accessories in Automatic Meter Reading (AMR) Phase 1 Project from Provincial Electricity Authority of Thailand value of THB 386 million. In this year, SAMTEL were signed various contracts value of THB 3,910 million. By the end of 3Q2018, SAMTEL had total backlog worth THB 7,070 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 34 million. By the end of 3Q2018, OTO had total backlog of THB 931 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 3Q2018 were THB 3,118 million, slice decreased from 3Q2017. The details of each business lines are as follow;

Digital Business

Sales and Services Revenues from Digital Business in 3Q2018 were THB 200 million, decreased by 39% 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 3Q2018 were THB 1,846 million, slice decreased by 3% from the same period last year, resulted from less revenues recognition in this quarter.

Contact Center Business

The revenues from sales and services in 3Q2018 were THB 181 million remain unchanged from the same period last year which main revenues came from “Fully Outsourced Contact Center Management Service”.

Non-Listed Business

The revenues from sales, contract works and services from non-listed business were THB 1,033 million, increased by 28% YoY. The increase in sales and services revenues mainly came from Utilities & Transportations Business.

Cost of Sales, Contract Works and Services

Cost of sales, contract works and services were THB 2,458 million, decreased by 7% 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 380 million, dropped by 28% YoY resulting from the decrease in marketing expenses and after-sale service from Digital Business.

Finance Cost

Finance cost was THB 134 million, increased by 9% YoY.

Net Profit / Loss

Net Loss attributable to the equity holders of the Company was THB 74 million, the Net Loss in this quarter resulted from Digital Business.

Financial Position

As of 30 September 2018, SAMART reported the total assets of THB 21,862 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 15,990 million, minor changed compare to last year. The total shareholders' equity was reported THB 5,872 million.