

2Q18: Management Discussion and Analysis

Business overview

In 2Q18, Samart Digital PLC. (SDC) reported quarterly consolidated revenues of Baht 223 million, decreased by Baht 106 million or 32.1% YoY, majorly contributed by the decreasing in revenue of both mobile business unit and non-mobile business unit.

Operating loss (EBT) of Baht 231 million decreased by Baht 367 million or 61.4% YoY as a result of decreasing in selling and administrative expenses but increased by Baht 52 million or 28.8% QoQ. The increase was primarily due to allowance for doubtful accounts recording.

The Company reported the consolidated net loss attributable to equity holders of the Company at Baht 196 million, decreased by Baht 283 million YoY but increased Baht 51 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	2/18	2/17	%YoY	1/18	%QoQ
Mobile	100	180	(44.7%)	59	68.8%
Non-mobile	123	149	(16.8%)	109	13.5%
Total revenue*	223	329	(32.1%)	168	32.9%

* Total Revenues (sales and service revenues, including selling support income)

Revenue

Mobile business: The revenue of mobile business in 2Q18 was reported at Baht 100 million, in which represented 44.6% of total revenues, decreased by 44.7% YoY but increased by 68.8% QoQ, mainly resulted from retail business of mobile phones and IT equipment.

Non-mobile business: The revenue of non-mobile business in 2Q18 was reported at Baht 123 million, in which represented 55.4% of total revenues, decreased by 16.8% YoY mainly resulted from the decrease in mobile content provider business whilst increased by 13.5% QoQ from broadcasting business.

Gross profit

In 2Q18, overall gross profit of the Company was reported at Baht 34 million, increased by Baht 69 Million YoY whilst increased by Baht 31 million QoQ because of lower stock clearance transactions, gross profit increased from mobile phone retail business and lower reduction cost of inventory to net realizable value.

S&A and other expenses

In 2Q18, selling and administrative expenses including other expenses were Baht 212 million, decreased by Baht 314 million or 59.7% YoY due to decreased of selling and administrative expenses. However, selling and administrative expenses including other expenses increased by Baht 80 million or 60.2% QoQ mainly because of recording allowance for doubtful accounts

Financial costs

In 2Q18, financial costs were Baht 55 million, increased by 22.1% YoY and maintained from last quarter.

Net profit

The consolidated net loss attributable to equity holders of the Company was Baht 196 million, decreased by Baht 283 million or 59.1% YoY but increased by Baht 51 million or 35.2% QoQ.

Financial position

As at 30 June 2018, SDC reported total assets of Baht 6,961 million, an increase of Baht 576 million or 9.0% compared with last year, mainly from the increase in cash and work in process of new project while decrease of trade accounts receivable of mobile business during the period.

The Company also reported its total liabilities at Baht 4,680 million decreased by Baht 1,155 million or 19.8%, mainly resulted from the repayment short term loan from parent company.

Total shareholders' equity was Baht 2,281 million, increased by 314.5% compared with Baht 550 million at the end of 2017.