

3Q18: Management Discussion and Analysis

Business overview

In 3Q18, Samart Digital PLC. (SDC) reported quarterly consolidated revenues of Baht 202 million, decreased by Baht 128 million or 38.9% YoY, majorly contributed by the decreasing in revenue of both mobile business unit and non-mobile business unit.

Operating loss (EBT) of Baht 341 million decreased by Baht 130 million or 61.8% YoY and decreased by Baht 111 million or 61.1% QoQ as a result of allowance for doubtful accounts recording.

The Company reported the consolidated net loss attributable to equity holders of the Company at Baht 316 million, increased by Baht 119 million YoY and increased Baht 120 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	3/18	3/17	%YoY	2/18	%QoQ
Mobile	60	179	(66.6%)	100	(39.9%)
Non-mobile	142	151	(6.0%)	123	14.8%
Total revenue*	202	330	(38.9%)	223	(9.6%)

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

Revenue

Mobile business: The revenue of mobile business in this quarter was reported at Baht 60 million, in which represented 29.7% of total revenues, decreased by 66.6% YoY and decreased by 39.9% QoQ, mainly resulted from ceased of whole sale business and left only retail business of mobile phones.

Non-mobile business: The revenue of non-mobile business in this quarter was reported at Baht 142 million, in which represented 70.3% of total revenues, decreased by 6.0% YoY mainly resulted from the decrease in mobile content provider business whilst increased by 14.8% QoQ from broadcasting business.

Gross profit

In 3Q18, overall gross profit of the Company was reported at Baht 4 million, increased by Baht 8 Million YoY because of lower reduction cost of inventory to net realizable value and additional margin from retail business whilst decreased by Baht 30 million QoQ as a result of higher reduction cost of inventory to net realizable value comparing to last quarter.

S&A and other expenses

In 3Q18, selling and administrative expenses including other expenses were Baht 302 million, increased by Baht 140 million or 85.9% YoY and increased by Baht 90 million or 42.6% QoQ mainly because of recording allowance for doubtful accounts.

Financial costs

In 3Q18, financial costs were Baht 55 million, increased by 14.2% YoY and maintained from last quarter.

Net profit

The consolidated net loss attributable to equity holders of the Company was Baht 316 million, increased by Baht 154 million or 95.9% YoY and increased by Baht 120 million or 61.6% QoQ.

Financial position

As at 30 September 2018, SDC reported total assets of Baht 6,863 million, an increase of Baht 477 million or 7.5% 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 4,905 million decreased by Baht 903 million or 15.9%, mainly resulted from the repayment short term loan from parent company.

Total shareholders' equity was Baht 1,958 million, increased by 255.6% compared with Baht 550 million at the end of 2017 as a result of capital increasing in last quarter.