

## 2Q16: Management Discussion and Analysis

### Business Overview

In 2Q16, Samart I-Mobile PLC. reported quarterly consolidated revenues of THB 811 million, a decrease of 62.1% YoY, majorly contributed by the decrease in revenue of Mobile Business as lower units and average selling price of i-mobile handset sold in the period, or a decrease of 43.8% QoQ,

Operating profit (EBT) of THB (70) million was recorded in 2Q16, a decrease of 170.2% YoY, or 118.9% QoQ. In addition, operating profit margin was (8.7%), a decline by 13.4% YoY, or 6.4% QoQ, due to the decrease in selling and administration expenses and finance costs as lower as revenues decreased.

As such, SIM reported the consolidated net profit attributable to equity holders of the Company at THB (71) million in 2Q16, a decrease of 180.2% YoY, or 151.1% QoQ.

### Financial Highlights

#### Revenue Breakdown

in Million Baht

Business Unit	2Q16	2Q15	%YoY	1Q16	%QoQ
Mobile	533	1,885	(71.7%)	1,277	(58.3%)
Non-Mobile	278	252	10.2%	166	67.0%
<b>Total Revenue*</b>	<b>811</b>	<b>2,137</b>	<b>(62.1%)</b>	<b>1,444</b>	<b>(43.8%)</b>

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

### Revenue

**Mobile Business:** The revenue of Mobile Business in 2Q16 was reported at THB 533 million, in which represented 65.7% of total revenues, a decrease of 71.7% YoY, mainly resulted from the decline in units and average selling price of i-mobile handset sold in the period, or a decrease of 58.3% QoQ.

**Non-Mobile Business:** The revenue of Non-Mobile Business in 2Q16 was reported at THB 278 million, an increase of 10.2% YoY, or 67.0% QoQ, in which represented 34.3% of total revenues. This was mainly contributed by revenues from Live Broadcasting as well as new business.

### Gross Profit

In 2Q16, overall gross profit of the Company was reported at THB 200 million, decreased by 56.9% YoY, or 25.9% QoQ, in relative to the lower revenues of Mobile Business. However, gross profit margin was 24.7%, an increase of 2.9% YoY, or 6.0% QoQ.

## S&A Expenses

In 2Q16, selling and administration expenses including other expenses were THB 228 million, a considerable decrease of 31.8% YoY, or 11.5% QoQ. This was mainly contributed by lower sale related spending in the period, including marketing expenses and after sale service expenses in addition to administration expenses.

## Financial Costs

In 2Q16, financial costs were THB 45 million, a decrease of 13.6% YoY, or 2.8% QoQ. This was due to the decline in S-T loans from banks in addition to lower cost of funds compared with the given period.

## Net Profit

The consolidated net profit attributable to equity holders of the Company was THB (71) million, a reduction of 180.2% YoY, or 151.1% QoQ.

## Financial Position

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As at 30<sup>th</sup> Jun 2016, SIM reported total assets of THB 9,309 million, a decrease of THB 685 million or 6.9% compared with 31<sup>st</sup> Dec 2015, mainly from the decrease in trade account receivable and inventory of Mobile business during the period.

The Company also reported its total liabilities at THB 6,170 million compared with THB 6,764 million as at 31<sup>st</sup> Dec 2015, or a decrease of 8.8%, mainly resulted from the decrease in trade account payable and S-T loans from banks.

Total shareholders' equity as at 30<sup>th</sup> Jun 2016, was THB 3,139 million, a slight decrease of 2.8% compared with THB 3,230 million at the end of 2015.