

2Q17: Management Discussion and Analysis

Business overview

In 2Q17, Samart I-Mobile PLC. (SIM) reported quarterly consolidated revenues of Baht 329 million, decreased by Baht 482 million or 59.4% YoY, majorly contributed by the decreasing in revenue of mobile business unit as the highly competitive mobile phone market and slowdown in domestic economic as well as decreasing in revenue of non-mobile business unit.

Operating profit (EBT) of Baht (598) million decreased by Baht 527 million or 750.2% YoY and decreased by Baht 364 million or 155.7% QoQ. The decrease was primarily due to the recording reduction cost of inventory and allowance for doubtful debts of mobile business unit.

The Company reported the consolidated net profit attributable to equity holders of the Company at Baht (480) million, decreased by Baht 408 million YoY and decreased Baht 280 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	2/60	1/59	%YoY	1/60	%QoQ
Mobile	180	533	(66.2%)	279	(35.4%)
Non-mobile	149	278	(46.5%)	141	5.7%
Total revenue*	329	811	(59.4%)	419	(21.6%)

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

Revenue

Mobile business: The revenue of mobile business in 2Q17 was reported at Baht 180 million, in which represented 55% of total revenues, decreased by 66.2% YoY and 35.4% QoQ, mainly resulted from the decline in sold units of handset.

Non-mobile business: The revenue of non-mobile business in 2Q17 was reported at Baht 149 million, in which represented 45% of total revenues, decreased by 46.5% YoY mainly resulted from decreased in digital business whilst increased by 5.7% QoQ.

Gross profit

In 2Q17, overall gross profit of the Company was reported at loss Baht 35 million, decreased by Baht 235 Million YoY and Baht 77 million QoQ.

The decreased was primarily due to the above-mentioned, recording in reduction cost of inventory of mobile business unit amounting Baht 63.1 million as well as lower revenue and profit margin of both mobile and non-mobile business units.

S&A and other expenses

In 2Q17, selling and administrative expenses including other expenses were Baht 526 million, increased by 130.9% YoY and increased by 125.1% QoQ. This significant increase was primarily due to recording allowance for doubtful accounts partially offsetting to decreased of selling and administrative expenses

Financial costs

In 2Q17, financial costs were Baht 45 million, slightly decreased by 0.3% YoY, while increased by 2.8% QoQ. There was no changing in loan structure during the period.

Net profit

The consolidated net profit attributable to equity holders of the Company was Baht (480) million, decreased by 574.6% YoY and decreased by 140.2% QoQ.

Financial position

As at 30th June 2017, SIM reported total assets of Baht 7,082 million, a decrease of Baht 893 million or 11.2% compared with last year, mainly from the decreasing in trade accounts receivable and inventory of mobile business during the period.

The Company also reported its total liabilities at Baht 5,267 million decreased by Baht 191 million or 3.5%, mainly resulted from the decreased in trade accounts payable and short-term loan from bank offsetting with increased in short term loan from parent company.

Total shareholders' equity was Baht 1,815million, decreased by 27.9% compared with Baht 2,517 million at the end of 2016.