

## 3Q16: Management Discussion and Analysis

### Business Overview

In 3Q16, Samart I-Mobile PLC. reported quarterly consolidated revenues of THB 740 million, a decrease of 62.5% YoY, majorly contributed by the decrease in revenue of Mobile Business as the slowdown of handset market and domestic economic, while revenue of Non-Mobile Business increased as a result of Live Broadcasting and new business, or a decrease of 8.7% QoQ.

Operating profit (EBT) of THB (222) million was recorded in 3Q16, a decrease of 630.6% YoY, or 215.7% QoQ. In addition, operating profit margin was (30.0%), a decline by 32.1% YoY, or 21.3% QoQ, due to the decrease in gross profit margin of Mobile Business.

As such, SIM reported the consolidated net profit attributable to equity holders of the Company at THB (193) million in 3Q16, a decrease of 1,061.7% YoY, or 171.9% QoQ.

### Financial Highlights

#### Revenue Breakdown

in Million Baht

Business Unit	3Q16	3Q15	%YoY	2Q16	%QoQ
Mobile	490	1,771	(72.3%)	533	(8.0%)
Non-Mobile	250	203	23.3%	278	(10.0%)
<b>Total Revenue*</b>	<b>740</b>	<b>1,974</b>	<b>(62.5%)</b>	<b>811</b>	<b>(8.7%)</b>

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

### Revenue

**Mobile Business:** The revenue of Mobile Business in 3Q16 was reported at THB 490 million, in which represented 66.2% of total revenues, a decrease of 72.3% YoY, mainly resulted from the decline in units and average selling price of i-mobile handset sold in the period, or a decrease of 8.0% QoQ.

**Non-Mobile Business:** The revenue of Non-Mobile Business in 3Q16 was reported at THB 250 million, an increase of 23.3% YoY, mainly resulted from Live Broadcasting as well as new business, while decreased by 10.0% QoQ. The revenue of Non-Mobile Business\* represented 33.8% of total revenues.

### Gross Profit

In 3Q16, overall gross profit of the Company was reported at THB 32 million, decreased by 92.4% YoY, or 84.2% QoQ, in relative to the lower revenues and gross profit margin of Mobile Business.

## S&A Expenses

In 3Q16, selling and administration expenses including other expenses were THB 263 million, a moderate decrease of 19.0% YoY. 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, while increased by 15.4% QoQ.

## Financial Costs

In 3Q16, financial costs were THB 45 million, a decrease of 12.1% YoY. This was due to the decline in S-T loans compared with the given period.

## Net Profit

The consolidated net profit attributable to equity holders of the Company was THB (193) million, a reduction of 1,061.7% YoY, or 171.9% QoQ.

## Financial Position

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As at 30<sup>th</sup> Sep 2016, SIM reported total assets of THB 9,005 million, a decrease of THB 989 million or 9.9% 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 6,035 million compared with THB 6,764 million as at 31<sup>st</sup> Dec 2015, or a decrease of 10.8%, mainly resulted from the

decrease in trade account payable and S-T loans from banks.

Total shareholders' equity as at 30<sup>th</sup> Sep 2016, was THB 2,970 million, a decrease of 8.1% compared with THB 3,230 million at the end of 2015.