

## 2Q 2016: Management Discussion and Analysis

### 1Q 2016 Highlights

In this quarter, Samart Corporation Public Company Limited or “SAMART” recorded the total revenue for the three-month period of THB 3,269 million with net profit attributable to equity holders of the Company of THB 88 million.

#### **SAMART’s performance by business lines;**

Samart Corporation PCL., divided its businesses into four lines of business

- 1.) Mobile Multimedia Business or “SIM”
- 2.) ICT Solutions and Services Business or “SAMTEL”
- 3.) Contact Center Business or “OTO”
- 4.) Non-listed Business

#### **Mobile Multimedia Business**

##### **(Samart i-Mobile Pcl. or “SIM”)**

SIM still continues to provide a wide variety of products and services for end-users. In this quarter, the Company has acquired the digital agency, Phoinikas Co., Ltd, in order to fully access Digital Commerce and been expanding in mobile multimedia society.

#### **ICT Solutions and Services**

##### **(Samart Telcoms Pcl. or “SAMTEL”)**

In this quarter, the new projects were signed with the total value of THB 1,104 million mainly from Cloud

Computing’s efficiency improvement project for Ministry of Justice. By the end of 2Q2016, SAMTEL had total backlog worth THB 7,655 million.

#### **Contact Center**

##### **(One to One Contacts Pcl. or “OTO”)**

In this quarter, OTO continues to sign a several new projects together with renewal some existing projects with the total value worth over THB 100 million for example; National Housing Authority (NHA) and Government Savings Bank. By the end of 2Q2016, OTO had total backlog of THB 1,257 million.

#### **Non-Listed Businesses**

Currently, Samart U-Trans Co., Ltd. or “SUT” is on the studying process of several power plants in both Thailand and neighboring countries for biomass power plant, waste power plant, solar power plant, hydro power plant, and transmission line business. Meanwhile, the Company is conducting feasibility study for 4 waste power plants located in northern part of Thailand.

#### **Financial Performance**

##### **Revenues**

The consolidated sales and services revenues (after elimination of related parties transaction) in 2Q2016 were THB 3,222 million, dropped by 21% QoQ and shrunked by 34% YoY which was mainly from the following reasons;

### Mobile Multimedia Business

Sales and Services Revenues from Mobile Multimedia Business in 2Q2016 were THB 809 million, decreased by 62% YoY mainly from the drop in handset revenue as a result of the reduction in average price per unit, decrease in number of handset sale, as well as handset subsidies program from mobile operators.

### ICT Solution and Services Business

The revenues from sales and services in 2Q2016 were THB 1,352 million, decreased by THB 130 million or 9% YoY.

### Contact Center Business

The revenues from sales and services in 2Q2016 were THB 242 million or increased by 4% YoY due to the increase in revenues from “Turnkey Total Solutions” and “Outsourced Customer Service Representative” which were the Government and State Enterprise sector.

### Non-Listed Businesses

The revenues from sales and services from non-listed businesses are shrunked by 20% YoY. The decrease in sales and services revenues mainly came from revenues of Samart Engineering Co., Ltd and Samart U-TRANS Co., Ltd.

### Cost of Sales and Services

Cost of sales and services dropped by 23% QoQ and 35% YoY. The decrease in cost of sales and services compared to 2Q2015 were aligned with the decrease in revenue from Mobile Multimedia Business and Non-listed Business.

### Selling and Administrative Expenses

Selling and Administrative expenses were THB 529 million, dropped by 2% QoQ and 14% YoY resulting from the decrease in advertising and marketing expenses from Mobile Multimedia Business.

### Finance Cost

Finance cost was THB 124 million, decreased by 2% QoQ and 10% YoY mainly from a decrease in finance cost from Mobile Multimedia Business and Non-listed Business.

### Net Profit

Net profit attributable to the equity holders of the company was THB 88 million, fell by THB 187 million or 68% YoY, likewise declined by THB 133 million QoQ as a result of the decrease in net profit from Mobile Multimedia Business and ICT Services and Solutions Business.

### Financial Position

As of 31 June 2016, SAMART reported the total assets of THB 26,497 million, slightly increased as compared to the first quarter of 2016

The total liabilities added from THB 17,011 million by the end of first quarter 2016 to THB 18,222 million in this quarter or increased by 2%, which is mainly from an increase in long-term loan from financial institutions

The total shareholders' equity rose to THB 8,276 million as the unappropriated retained earnings increase.