

3Q 2015: Management Discussion and Analysis

3Q 2015 Highlights

The third quarter of 2015, Thai economy was still slowed down as the recovery of world economy is still unclear. The long drought in Thailand has an impact on the crops price, resulting in decreasing purchasing power of Thai farmers. Moreover, Thailand still has a massive amount of household debt. Thus, Thai household's purchasing power is likely to decrease.

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenue for the three-month period ended September 30, 2015 of THB 4,977 million with net profit attributable to equity holders of the Company of THB 242 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 continues to provide variety of products and services for end-users in telecommunication and multimedia industries. The Company still tries to offer the best to our existing and prospect customers through

integrating and creating innovative products and services.

Handset Business: Our strategy is to provide the best devices to customers. We launched ten models which are all smart phones and five of these are DTV integrated. SIM continues focusing on the strength in i-Style and IQ series. i-Mobile devices are well known for their better value-for-money which has been one of our core values in providing the best devices to customers. Compared to competitors, our devices always have better specifications; screen, performance, camera and battery, combining with new photographic technologies which is one of i-mobile main selling points.

Moreover, we have expanded our business to international markets. We have joined several international mobile exhibitions and identified prospect international strategic partners.

Multimedia Business: Our content services continue to grow in terms of numbers of traffic, both for website and social media. We also have EDT free booklets and TV programs as communication channels with our customers. Other than these, we plan to publish EDT pocket books in the next quarter, which will be available at 7-Eleven. In addition, our mobile VAS service is arranging Lucky Draw Campaign with mobile operators, which will last until January next year.

ICT Solutions and Services

(Samart Telcoms Pcl. or "SAMTEL")

In this quarter, the new projects were signed with the total value of THB 4,511 million. We believe that the government will speed up the government investment projects which affect to our potential projects are going to be bid and signed next year. By the end of 3Q2015, SAMTEL has total backlog worth THB 8,795 million.

Contact Center

(One to One Contacts Pcl. or "OTO")

In this quarter, OTO total revenue for the three-month period increased by THB 17.6 million, or 8.3% YoY. Most of the increased revenue is contributed from Customer service representative outsourced business, Fully outsourced contact center management business, Contact center facility outsource business.

Non-Listed Businesses

For non-listed businesses, there are divided into two lines of businesses which are technology related business and utilities and transportations business. However, our focus is to expand on utilities and transportations business. Currently, Samart U-Trans Co.,Ltd. or "SUT" is under study the possibility to do power plants both in Thailand and neighboring countries for waste power plant, coal fired power plant, hydro power plant, and transmission line business. For waste power plant, SMART Waste2Power Co.,Ltd., a subsidiary of SUT, set up and invest in a new joint venture company named "Chiang Mai Waste2Power Co.,Ltd." with Mlink Energy Co.,Ltd. with an intention to expand our business into renewable energy. Chiang Mai Waste2Power will provide a professional waste

management to Chiang Mai municipal and also produce and sell 6-8 MW of electricity by using waste (RDF: Refused Derived Fuel). Currently, we already signed an agreement with private company who owned and managed waste and landfill in Chiang Mai.

For coal fired power plant, currently, we already got an approval from Cambodia government to build 2,000 MW coal fired power plant in Kong Island. Currently, we are going to negotiate with Cambodia in order to sign the Project Development Agreement (PDA). Additionally, we are now under negotiation with EGAT (the purchaser of electricity) and expect to sign the MOU of tariff as soon as possible.

Financial Performance

Revenues

The consolidated sales and services revenues (after elimination of related parties transaction) in 3Q2015 were THB 4,951 million, dropped by 9% YoY mainly from the following reasons;

Mobile Multimedia Business

Sales and Services Revenues from Mobile Multimedia Business (after elimination of related parties' transaction) were THB 1,974 million, decreased by 26.8% YoY mainly from the declining in units of i-mobile handset sold in the quarter due to the highly competitive in smartphone market and the domestic economic slowdown.

ICT Solution and Services Business

The revenues from sales and services (after elimination of related parties' transaction) were THB 1,749 million, increased by 12.3% YoY resulted from an increase in revenue recognition from turnkey projects.

Non-Listed Businesses

The revenues from sales and services from non-listed businesses (after elimination of related parties' transaction) increased by 9.6% YoY. The rise in sales and services revenues mainly came from the increase in revenues of Cambodia Air Traffic Services Co., Ltd., which is a company operating the entire air traffic control and navigation system in Cambodia.

Cost of Sales and Services

Cost of sales and services in this quarter is THB 3,904 million, or decreasing by 7.6% YoY. The decrease in cost of sales and services were mainly due to the decrease in revenues. However, in this quarter, gross profit margin slightly decreased from 22.29% in 3Q2014 to 21.15% in this quarter.

Selling and Administrative Expenses

Selling and Administrative expenses were THB 588 million, dropped by 15.10% YoY due to the decrease in marketing expenses and also the after-sale service expenses in Mobile Multimedia Business.

Finance Cost

Finance cost increased by 15.23% YoY mainly from a increase 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 242 million, fell by 31.01% YoY as a result of the lower net profit in Mobile Multimedia Business and ICT Solutions and Services Business.

Financial Position

As of 30 September 2015, SAMART reported the total assets of THB 27,951 million, a slight increase as compared to year end 2014.

The total liabilities jumped from THB 17,874 million by the end of year 2014 to THB 19,504 million in this quarter due to the increase in non-current liabilities.

The total shareholders' equity rose to THB 8,447 million as the unappropriated retained earnings increase.