

1Q 2016: Management Discussion and Analysis

1Q 2016 Highlights

The first quarter of 2016, Thai economy was likely to gradually recover since the increase in government disbursement and the expansion in private consumption due to economic stimulus measures. However, the price in agricultural product still fell and the household debt was in the high level.

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenue for the three-month period of THB 4,127 million with net profit attributable to equity holders of the Company of THB 114 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

innovative products and services. Additionally, SIM continues to place emphasis on business and customer base expansion, thus, a new business such as E-Commerce has been entered by SIM in attempt to strengthen and increase the proportion of revenues for Mobile Multimedia Business.

ICT Solutions and Services

(Samart Telcoms Pcl. or "SAMTEL")

In this quarter, the new projects were signed with the total value of THB 1,112 million mainly consisted of the contracts with Provincial Electricity Authority (PEA) and Industrial Estate Authority in Thailand (IEAT). By the end of 1Q2016, SAMTEL had total backlog worth THB 7,911 million.

Contact Center

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

In this quarter, OTO signed a several new projects together with renewal some existing projects with the total value worth over THB 100 million for example; TOT Public Company Limited (TOT) and Government Savings Bank. By the end of 1Q2016, OTO had total backlog of THB 1,435 million.

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 on the studying process of several power plants in both Thailand and neighboring countries for waste power plant, coal-fired 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 other provinces of Thailand.

For coal-fired power plant, currently, the Company already got an approval from Cambodian government to build 2,000 MW coal-fired power plant in Kong Island. Currently, the Company is negotiating with Cambodian government in order to sign the Project Development Agreement (PDA). Additionally, the Company is now under negotiation with EGAT (the purchaser of electricity) and expect to sign the MOU of Tariff soon.

Financial Performance

Revenues

The consolidated sales and services revenues (after elimination of related parties transaction) in 1Q2016 were THB 4,095 million, improved by 8% QoQ whereas dropped by 14% YoY which was mainly from the following reasons;

Mobile Multimedia Business

Sales and Services Revenues from Mobile Multimedia Business in 1Q2016 were THB 1,444 million, decreased by 38% YoY because of the drop in revenue from handset business as a result of the reduction in average unit price. However, Sales and Services Revenues increased by 9% QoQ in according to the increase in sold unit compared to the previous quarter.

ICT Solution and Services Business

The revenues from sales and services in 1Q2016 were THB 1,449 million, increased by THB 95 million or 7% YoY caused from an increase in revenue from turnkey and service projects.

Contact Center Business

The revenues from sales and services in 1Q2016 were THB 206 million or decreased 5% YoY due to the decrease 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 improved by 17% YoY. The increase in sales and services revenues mainly came from revenues of Cambodia Air Traffic Service Company Limited (CATS) and Vision and Security System Co., Ltd.

Cost of Sales and Services

Cost of sales and services increased by 5% QoQ whereas declined by 10% YoY. The decrease in cost of sales and services compared to 1Q2015 were aligned with the decrease in revenue from Mobile Multimedia Business and some businesses in Non-listed Business such as Samart Engineering Company Limited.

Selling and Administrative Expenses

Selling and Administrative expenses were THB 579 million, dropped by 22% QoQ and 17% YoY resulting

from the decrease in advertising and marketing expenses from ICT Solution and Services Business and the after-sale service expense from Mobile Multimedia Business.

Finance Cost

Finance cost was THB 128 million, decreased by 5% QoQ and 5% 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 114 million, fell by THB 159 million or 58% YoY whereas increased by THB 97 million QoQ as a result of the higher net profit from Mobile Multimedia Business and ICT Services and Solutions Business.

Financial Position

As of 31 March 2016, SAMART reported the total assets of THB 26,320 million, a slight decrease by 4% as compared to year end 2015 which mainly from the decrease in short-term loans, inventories and financial lease receivables.

The total liabilities dropped from THB 18,999 million by the end of year 2015 to THB 17,911 million in this quarter or decreased by 6% which mainly dropped in long-term loans from financial institutions.

The total shareholders' equity rose to THB 8,409 million as the unappropriated retained earnings increase.