

## 1Q16: Management Discussion and Analysis

### Business Overview

In 1Q16, Samart I-Mobile PLC. reported quarterly consolidated revenues of THB 1,444 million, a decrease of 38.0% YoY, majorly contributed by the decrease in revenue of Mobile Business as a lower average selling compared with 1Q15. However, compared with the previous quarter, the revenues increased 9.4% as the higher units of i-mobile handset sold in 1Q16.

Operating profit (EBT) of THB (32) million was recorded in 1Q16, a decrease of 127.0% YoY. To boost handset sales under domestic economic slowdown and higher market competition as mobile operators' trade-in campaign to maintain their subscribers, the company had launched various promotions, which then impact gross profit margin and sales related expenses of Mobile Business. Consequently, gross profit margin was (2.2%), declined by 7.3% YoY, while considerably increased by 13.8% QoQ.

As a result, SIM reported the consolidated net profit attributable to equity holders of the Company at THB (28) million in 1Q16, a decrease of 128.0% YoY, while increased 83.6% QoQ.

### Financial Highlights

#### Revenue Breakdown

in Million Baht

	1Q16	1Q15	%YoY	4Q 15	%QoQ
Mobile business	1,277	2,124	(39.9%)	1,113	14.8%
Multimedia	166	203	(17.8%)	207	(19.7%)
<b>Total Revenue*</b>	<b>1,444</b>	<b>2,327</b>	<b>(38.0%)</b>	<b>1,320</b>	<b>9.4%</b>

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

### Revenue

**Mobile Business:** The revenue of Mobile Business in 1Q16 was reported at THB 1,277 million, in which contributed 88% of total revenues, a decrease of 39.9% YoY, as a result of lower average selling compared with the same period of previous year. However, the revenues grew by 14.8% QoQ as the higher units of i-mobile handset sold in 1Q16.

**Multimedia Business:** The revenue of Multimedia Business in 1Q16 was reported at THB 166 million, a decrease of 17.8% YoY, or 19.7% QoQ, in which contributed 12% of total revenues. This was mainly resulted from lower revenue of Content and TV Businesses.

### Gross Profit

In 1Q16, overall gross profit of the Company was reported at THB 270 million, decreased by 46.4% YoY, while increased by 40.1% QoQ, in relative to the higher revenue and gross profit margin of Mobile Business. Accordingly, the gross profit margin was 18.7%, a decrease of 2.9% YoY, but improved by 4.1% QoQ.

## **S&A Expenses**

In 1Q16, selling and administration expenses including other expenses were THB 258 million, a decrease of 25.6% YoY, or 28.8% QoQ. 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.

## **Financial Costs**

In 1Q16, financial costs were THB 47 million, a decrease of 11.9% YoY, or 4.0% QoQ. This was due to the decline in S-T loans from banks as lower working capital requirement during the period.

## **Net Profit**

The consolidated net profit attributable to equity holders of the Company was THB (28) million, a reduction of 128.0% YoY, but improved by 83.6% QoQ.

## **Financial Position**

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As at 31<sup>st</sup> Mar 2016, SIM reported total assets of THB 9,519 million, a decrease of THB 475 million or 4.8% 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 6,327 million compared with THB 6,764 million as at 31<sup>st</sup> Dec 2015, or a decrease of 6.5%, mainly resulted from the

decrease in trade account payable and S-T loans from banks in relative to lower working capital requirement during the period.

Total shareholders' equity as at 31<sup>st</sup> Mar 2016, was THB 3,191 million, a slightly decrease of 1.2% compared with THB 3,230 million at the end of 2015.