

## 3Q15: Management Discussion and Analysis

### 3Q15 Highlights

#### Business Overview

In 3Q15, Samart I-Mobile PLC. reported quarterly consolidated revenues of THB 1,974 million, a decrease of 26.8% YoY, or decreased 7.6% QoQ. This was majorly contributed by lower sale in Mobile Business through declining in units of i-mobile handset sold in the period in addition to lower revenue of Mobile Services.

Operating profit (EBT) of THB 42 million was recorded in 3Q15, a decrease of 75.1% YoY, or decreased 58.2% QoQ. In addition, the operating profit margin declined by 4.1% YoY to 2.1% in 3Q15, or a decrease of 2.6% QoQ. This was mainly from the lower gross profit margin in all business units, especially Mobile Business, in addition to the higher selling and administration expenses including other expenses as well as finance costs in a proportion of revenue in the period.

As a result, SIM reported the consolidated net profit attributable to equity holders of the Company at THB 20 million in 3Q15, a decrease of 86.7% YoY, or decreased 77.3% QoQ.

#### Financial Highlights

Revenue Breakdown			in Million Baht		
	3Q15	3Q14	%YoY	2Q 15	%QoQ
Mobile business	1,743	2,435	(28.4%)	1,838	(5.2%)
Multimedia	203	180	12.5%	252	(19.5%)
Service Provider	28	83	(65.6%)	47	(39.7%)
<b>Total Revenue*</b>	<b>1,974</b>	<b>2,698</b>	<b>(26.8%)</b>	<b>2,137</b>	<b>(7.6%)</b>

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

#### Revenue

**Mobile Business:** The revenue of Mobile Business in 3Q15 was reported at THB 1,743 million, a decrease of 28.4% YoY, or decreased 5.2% QoQ, in which accounted for 88% of total revenues. This was primarily contributed by the decline in units of i-mobile handset sold in the period as the strong market competition in domestic smartphone market and domestic economic slowdown.

**Multimedia Business:** The revenue of Multimedia Business in 3Q15 was reported at THB 203 million, a considerable increase of 12.5% YoY, while decreased 19.5% QoQ, in which contributed 10% of total revenues. The improvement was mainly resulted from revenues of company's new business (i.e. Television Business).

**Service Provider Business:** The revenue of Service Provider Business in 3Q15 was reported at THB 28 million, a decrease of 65.6% YoY, or decreased 39.7% QoQ. It was considered as 2% of total revenues. This was resulted from both declining in active subscribers and Blended Average Revenue Per User (ARPU).

## **Gross Profit**

In 3Q15, overall gross profit of the Company was reported at THB 414 million, decreased by 34.0% YoY, or declined 10.9% QoQ, in relative to the lower revenue of Mobile and Service Provider Businesses. Additionally, the gross profit margin was 21.0%, a decrease of 2.2% YoY, or 0.7% QoQ.

## **S&A Expenses**

In 3Q15, Selling and administration expenses including other expenses were THB 325 million, a decrease of 29.9% YoY, or decreased 2.8% QoQ. This was mainly contributed by lower sale related spending in the period, including marketing expenses and after sale service expenses.

## **Financial Costs**

In 3Q15, financial costs were THB 52 million, an increase of 40.3% YoY, while slightly decreased 1.6% QoQ. The higher financial costs were due to an increase in loan from banks to facilitate higher working capital requirement during the period.

## **Net Profit**

The consolidated net profit attributable to equity holders of the Company was THB 20 million, a reduction of 86.7% YoY, or declined 77.3% QoQ.

## **Financial Position**

As at 30<sup>th</sup> Sep 2015, SIM reported total assets of THB 10,115 million, a decrease of THB 523 million or 4.9% compared with 31<sup>st</sup> Dec 2014, mainly from a decrease in inventory of Mobile Business as lower new purchase orders of i-mobile handset corresponding to the slowdown of handset sold in the period.

The Company also reported its total liabilities at THB 6,711 million compared with THB 7,218 million as at 31<sup>st</sup> Dec 2014, or a decrease of 7.0%, mainly from a decrease in trade account payable of Mobile Business as lower new purchase orders of i-mobile handset in relative to domestic economic slowdown.

Total shareholders' equity as at 30<sup>th</sup> Sep 2015, was THB 3,404 million, slightly decreased by 0.5% compared with THB 3,420 million at the end of 2014. Accordingly, in 3Q15, there was an interim dividend payment for 2015 totally THB 66 million.