

1Q 2015: Management Discussion and Analysis

1Q 2015 Highlights

The first quarter of 2015, Thai economy slowed down since the household consumption remained under pressure with the price fall in agricultural product and the high level of household debt. Moreover, private sector confidence was affected by the delay in government disbursement.

In this quarter, Samart Corporation Public Company Limited or "SAMART" recorded the total revenue for the three-month period of THB 4,801 million with net profit attributable to equity holders of the Company of THB 273 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")

i-Mobile is one of the famous mobile brand in Thailand which operates under Samart i-Mobile Pcl. As the business is directly deal with the consumer, it was greatly affected by the economic slowdown. In this

quarter, SIM sold the total of 892,601 units of handset, decreased from the previous quarter by 436,683 units due to the sale of special order of 500,000 units to the mobile operator in 4Q 2014. The average selling price increased from THB 2,340 in the 4Q2014 to THB 2,677 in this quarter. Currently, the company is putting the best effort to expand our product to oversea market as well as to mobile operators in Thailand.

ICT Solutions and Services

(Samart Telcoms Pcl. or "SAMTEL")

In this quarter, the new projects were signed with the total value of THB 533 million. However, we strongly believe that the government will speed up the government investment projects which affect to our potential projects are going to bid and sign by the next quarter and the second half of the year. By the end of 1 Q 2015, SAMTEL has total backlog worth THB 6,078 million (exclude a turnkey project signed on April with Ministry of Interior with total value of THB 333 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 300 million for example; signed a new contract with Thai Contact Center (Thai Airways), renewed a contract with

Bangkok Airways, etc. By the end of 1Q 2015, OTO has total backlog of THB 1,490 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 under study the possibility to do power plants both in Thailand and neighboring countries for waste power plant, coal fired power plant and hydro power plant. 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 Co., Ltd. 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. We are now under negotiation with EGAT (the purchaser of electricity) and expect to sign the MOU of tariff as soon as possible.

Apart from power plant business, TEDA Co., Ltd., a subsidiary of SUT, signed two new contracts with the

total value of THB 749 million to construct and renovate the substation to EGAT and private company.

Samart Engineering Co., Ltd. or "SE", one of the companies under technology related businesses, sold over 300,000 units of set top box and almost 200,000 units of antenna in the 1Q 2015.

Financial Performance

Revenues

The consolidated sales and services revenues (after elimination of related parties transaction) in 1Q 2015 were THB 4,745 million, dropped by 16.59% QoQ or 24.94% YoY mainly from the following reasons;

Mobile Multimedia Business

Sales and Services Revenues from Mobile Multimedia Business (after elimination of related parties' transaction) decreased by 23.21% QoQ or 28.24% YoY. Focused on handset business which provides the majority revenue portion to Mobile Multimedia Business, the revenue from handset business decreased by 26.04% QoQ or 30.36% YoY as the company sold less unit compared to the previous quarter. However, content business showed better performance with the revenue increased by 23.17% QoQ as a result of the newly acquired company named "Siam Sport TV" by the end of Y2014.

ICT Solutions and Services Business

The revenues from sales and services (after elimination of related parties' transaction) were THB 1,354 million, dropped by 6.69% QoQ or 34.14% YoY

caused from a decrease 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) slightly dropped by 4.11% YoY. The drop in sales and services revenues mainly came from the decline in revenues from Vision and Security System Co., Ltd.

Cost of Sales and Services

Cost of sales and services fell significantly by 18.25% QoQ or 28.18% YoY. The decrease in cost of sales and services were mainly due to the decrease in revenue. However, in this quarter, gross profit margin improved from 22.87% in the previous quarter to 24.41% in this quarter.

Selling and Administrative Expenses

Selling and Administrative expenses were THB 654 million, dropped by 9.48% QoQ due to lower dealer incentive, advertising expense and also the after-sale service expense from Mobile Multimedia Business.

Finance Cost

Finance cost increased slightly by 3.45% QoQ mainly from a significant decrease in finance cost from Mobile Multimedia Business by 11.47%.

Net Profit

Net profit attributable to the equity holders of the company was THB 273.16 million, fell by 14.12% QoQ as

a result of the lower net profit from SAMTEL and some business in non-listed businesses.

Financial Position

As of 31 March 2015, SAMART reported the total assets of THB 25,556 million, a slight decrease as compared to year end 2014.

The total liabilities dropped softly from THB 17,874 million by the end of year 2014 to THB 16,956 million in this quarter due to the decrease in current liabilities.

The total shareholders' equity rose to THB 8,600 million as the unappropriated retained earnings increase.