

1Q15: Management Discussion and Analysis

Business Overview

In 1Q15, Samart I-Mobile PLC. reported quarterly consolidated revenues of THB 2,327 million, a decrease of 28.1% YoY, or decreased 22.2% QoQ. This was majorly contributed by lower sale in Mobile Business, in which declining in units of i-mobile handset sold in the period corresponding to economic slowdown in the country.

Operating profit (EBT) of THB 119 million was recorded in 1Q15, a decrease of 44.2% YoY, while improved 17.2% QoQ. In addition, the operating profit margin declined by 1.5% YoY to 5.1% in 1Q15, but increased 1.7% QoQ. The lower operating profit margin was due 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 of THB 101 million in 1Q15, a decrease of 48.6% YoY, while considerably improved by 40.7% QoQ.

Financial Highlights

	in Million Baht				
	1Q15	1Q14	%YoY	4Q 14	%QoQ
Mobile business	2,065	2,962	(30.3%)	2,758	(25.1%)
Multimedia	203	204	(0.8%)	167	21.2%
Service Provider	59	71	(17.1%)	67	(11.5%)
Total Revenue*	2,327	3,237	(28.1%)	2,992	(22.2%)

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

Revenue

Mobile Business: The revenue of Mobile Business in 1Q15 was reported at THB 2,065 million, a decrease of 30.3% YoY, or 25.1% QoQ, in which accounted for 88% of total revenues. This was primarily contributed by declining in units of i-mobile handset sold in the period due to the higher market competition in Mobile Business and the economic slowdown.

Multimedia Business: The revenue of Multimedia Business in 1Q15 was reported at THB 203 million, a slight decrease of 0.8% YoY, while considerably increased by 21.2% QoQ, in which contributed 9% of total revenues. The QoQ improvement was mainly resulted from a significant growth of revenue in television business of the company's new subsidiary.

Service Provider Business: The revenue of Service Provider Business in 1Q15 was reported at THB 59 million, a decrease of 17.1% YoY, or 11.5% QoQ. It was considered as 3% of total revenues. This was resulted from a declining in prepaid active subscribers, while blended ARPU increased.

Gross Profit

In 1Q15, overall gross profit of the Company was reported at THB 504 million, decreased by 18.6% YoY, or 16.0% QoQ, in relative to the lower revenue of Mobile Business. However, overall gross profit margin was at 21.7% in 1Q15, rose by 2.6% YoY, or 1.7% QoQ.

S&A Expenses

In 1Q15, Selling and administration expenses including other expenses were THB 346 million, a decrease of 10.1% YoY, or 27.3% QoQ. The lower S&A expense was mainly contributed by less sale related spending in the period, including marketing expenses and after sale service expenses.

Financial Costs

In 1Q15, financial costs were THB 53 million, an increase of 90.5% YoY or 11.5% QoQ, due to an increase in loan from banks during the period to facilitate higher working capital requirement.

Net Profit

The consolidated net profit attributable to equity holders of the Company was THB 101 million, a reduction of 48.6% YoY, while considerably improved by 40.7% QoQ.

Financial Position

As at 31st Mar 2015, SIM reported total assets of THB 10,023 million, a decrease of THB 615 million or 5.8% compared with 31st Dec 2014, mainly from a decrease in inventory of Mobile Business.

The Company also reported its total liabilities at THB 6,498 million compared with THB 7,218 million as at 31st Dec 2014, or decreased by 10.0%, as a result of lower trade account payable of Mobile Business. Total shareholders' equity as at 31st Mar 2015, was THB 3,525 million, compared with THB 3,420 million at the end of 2014 or a growth of 3.1%.