



10 August 2017

LIT 2017/028

Topic Operating Result for the second quarter of the year 2017

To The President of the Stock Exchange of Thailand

According to the meeting organized by the Board of Directors of Lease IT Public Company Limited No.9/2017, on 10th August 2017, the financial statements and overall operations of the Company in the second quarter of the year 2017; ended on 30th June 2017 which has been reviewed by the auditors of EY office Company, were approved by the Boards. The explanations of significant operating result in accordance with the implementation of five main strategies are as followings.

Strategy 1: Increase total Finance to more than Baht 10,000 million. This strategy focused on increasing the volume of financing in all products by expanding new customer base, in order to increase opportunities to boost the volume of financing amount which will affect the increasing of revenue on a low risk. Also the company focused on encouraging and increasing the issuance of a letter of guarantee, as if our customers win the auction, there are more chances for the company to encourage those customers to continuously use other products to support their project in the future.

This First half year, the total finance including the issuance of letter of guarantee was Baht 5,031 million, the achievement with 50.31% of total target, which was the factoring finance amount to Baht 3,576 million, project backup finance amount to Baht 1,114 million, the letter of guarantee and the letter of credit amount to Baht 179 million and other totaling Baht 162 million.

Strategy 2: Expansion of total receivable portfolio to more than Baht 2,200 million. This strategy focused on increasing leasing and hire purchase receivables to more than Baht 550 million as it will be able to generate the sustainable revenue throughout the contract period in order to cover fixed costs of the company.

At the end of this quarter, the total receivable portfolio (before allowance for doubtful accounts) was amount to Baht 2,101 million. Leasing and hire purchase receivables are amounted to Baht 350 million, with the growth of 4% comparing to Q2'2016 which still couldn't meet the target because of the seasonal effect and due to this year's instability of money markets to raise funds for long-term loans. Consequently the Company

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should match its sources of fund and use the funds appropriately and carefully. The belowed table shows the receivable portfolio of each product (before allowance for doubtful accounts) as follows:

Type of Product	Account Receivable	Account Receivable	Changing
	Q2/2017	Q2/2016	Increase (+) /decrease (-)
	(Thousand Baht)	(Thousand Baht)	(%)
Trade Finance	27,096	19,614	+38.15
Project Backup Finance	884,376	339,345	+160.61
Factoring	840,150	601,166	+39.75
Leasing	222,915	198,780	+12.14
Hire Purchase	126,559	136,545	-7.31
Total	2,101,096	1,295,450	+62.19

Strategy 3: Expansion of total revenue growth more than 30%. The company aims to grow its revenue growth in year 2017 by more than 30% compared to 2016, by focusing on Project Backup Finance which targets to generate more than 35% of total revenue.

This quarter, The total revenues of the company in Quarter 2:2017 was Baht 100.66 million, compared with last year which was Baht 68.22 million; which increased by 47.55 percent. The total revenues from Project Backup Finance and Trade Finance was 46.24 million which accounted to 45.94% of total revenue which exceed the target of 35% because the government accelerated to use the budget in order to drive the economy.

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Strategy 4: Target to reserve the provision of bad debt to 2.75 percent of outstanding account receivables net of collateral. At the end of this quarter, the company has reserved a total amount of Baht 64.78 million (represent 3.08 percent of outstanding account receivables). This provision in the second quarter amounted to Baht 7.95 million, which exceed of the target of 2.75-3.00% as the company still concerned about the current unfavorable economic situation that may affect to our quality of account receivables.

Strategy 5: Maintain Debt to Equity Ratio not over 4 times. : To keep confidence in repayment of debt, the Company had set a policy to maintain a debt-to-equity ratio not over 4 times. The management considered it with the appropriate and consistent with the same industry.

At the end of this quarter, the company has a debt-to-equity ratio of 1.46 times that decreased from the first quarter of this year (3.16 times). As the company added the paid up capital from the stock dividend payment, which amounted to Baht 20.00 million. And the company received the amount of 400 million baht from issuance and offering of warrants to purchase the Company's ordinary shares (LIT-W1) in April 2017.

The successful implementation of the strategy of the Company resulted to the sustainable growth as the followings.

Revenues : The total revenues of the company in Quarter 2:2017 was Baht 100.66 million, compared with last year which was Baht 68.22 million; increasing by Baht 32.44 million which increased by 47.55 percent. The main reason was the growth of short-term credit products from the above strategies.

Expenses: The total expenses of the company in Quarter 2:2017 was Baht 39.54 million, comparing with Baht 26.22 million last year; increasing by Baht 13.32 million or 50.80 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by Baht 3.49 million, 10.8% of the increase of revenue, mainly due to the increasing of the financial amount.

- **Administration Expense (Excluding allowance for doubtful accounts)** increased by Baht 5.68 million, representing 17.5% of the revenue due to the increasing of relevant tax expenses and increasing of operation head count.

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The financial expenses of the company in Quarter 2:2017 was 15.27 million baht or 15.17% of total revenues, comparing with 10.28 million baht of the last year or 15.07% of revenue.

Net Profit : The company outcome in the second quarter 2017 is Baht 36.60 million (net profit) ,comparing with last year net profit of Baht 25.10 million; representing 45.82 percent increase. The company keep generating the highest quarterly net profit in every quarter since the company established.

Total Assets: Total assets at the end of Quarter 2:2017 is Baht 2,328 million, increased by Baht 979 million, compared with the end of Quarter 2:2016 which has total assets of Baht 1,349 million due to the increase in accounts receivable.

Submitted for your kind acknowledgement.



Best regards,

(Mr. Sompon Aketerajit)
Managing Director

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