



10 November 2016

LIT 2016/034

Topic Operating Result for the third quarter of the year 2016

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.12/2016, on 10<sup>th</sup> November 2016, the financial statements and overall operations of the Company in the third quarter of the year 2016; ended on 30<sup>th</sup> September 2016 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.

Year 2016 is the last year of the three-year plan (2014-2016) since LIT was listed on the MAI, the company expects growth in A/R outstanding (Portfolio), revenue and net profit not less than 30 percent each year. The total cumulative of this year confirms that we can meet the commitment, by achieving the amount of A/R outstanding (Portfolio) at 1,438 million baht, total revenue at 197.10 million baht and net profit at 71.95 million baht which higher than the third quarter of last year by 30.44%, 41.13%, 42.13%, respectively, by using the strategies belowed.

**Strategy 1: To push Factoring product.** This strategy focuses on expanding its market share for Factoring 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 and encourage the customer to use middlestream and upstream product for future growth.

The results for this quarter are the following:-

1. The total revenues from Factoring product was 34.83 million baht, increased by 68.75%, compare with Q3:2015 which was 20.64 million baht.
2. Fee income of the opening and activating new credit line was 10.69 million baht, increased by 130.39%, compared with Q3:2015 which was 4.64 million baht.

**Lease IT Public Company Limited**

900/17 Rama III Road, Bangpongpan, Yannawa, Bangkok 10120 Thailand  
Tel. +66 2686 3200-4 Fax. +66 2686 3228

บริษัท ลีซ อิท จำกัด (มหาชน)

900/17 ถนนพระราม 3 แขวงบางโพงพาง เขตยานนาวา กรุงเทพฯ 10120  
โทรศัพท์ 0 2686 3200-4 โทรสาร 0 2686 3228 www.leaseit.co.th



3. The cumulative financing amount of third quarter of 2016 was 3,963 million baht, increased by 51.66%, compared with Q3:2015 which was 2,613 million baht.
4. The outstanding of Factoring account receivables as of 30<sup>th</sup> Sept 2016 was 632.31 million baht, represented by 43.97% of the total account receivables.

**Strategy 2: To push Bid Bond product.** Since the public sector's procurement system has developed the e-Bidding auction at the end of the year 2015, this gave more opportunity to our SME customers to join the auction. Therefore, this year the company has strategy to boost up revenue from Bid Bond product. Because if our customers win more auction, there are more chances for the company to encourage those customers to use other products to support their future projects.

The results for this quarter are the following:-

1. The total revenues from Bid bond product was 2.83 million baht, increased by 33.49%, compare with Q3:2015 which was 2.12 million baht.
2. The company's total cumulative of Bid Bond product for third quarter of year 2016 was 239 million baht, increased by 12.21%, compared with Q3:2015 which was 213 million baht.

**Strategy 3: To maintain product contribution of Project Backup Finance and Trade Finance.** Since the economic situation remains unfavorable for growth, the company focuses on risk management especially for high risk products. Consequently, the company maintains product contribution of Project Backup Finance and Trade Finance at 30% of total revenue.

The results for this quarter are the following:-

1. The total revenues from Project Backup Financing product was 23.23 million baht which accounted to 32.04% of total revenue.
2. The outstanding of Project Backup Financing account receivables as of 30<sup>th</sup> Sept 2016 was 473.69 million baht, represented by 32.94% of the total account receivables.

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**บริษัท ลีซ อิท จำกัด (มหาชน)**

900/17 ถนนพระราม 3 แขวงบางโพงพาง เขตยานนาวา กรุงเทพฯ 10120  
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**Strategy 4: Target to reserve the provision of bad debt to 2.5 percent of outstanding account receivables net of collateral.** For this quarter, the company has reserved a total amount of 39.00 million baht (represent 2.64 percent of outstanding account receivables). This provision, in the third quarter, amounted to 2.88 million baht, to be align with the changing of policy of presenting aging of Leasing & Hire Purchase account receivable from presenting just only receivables payment overdue by installments to presenting the whole contract of accounts receivable payment overdue. This is the company's intention to uplift the company's standard of aging classification. In consequence, the company has to add provisions to be in line with the provisions policy on aging classification. However, the company believes that there will be no problems in debtor's payment because most debtors are of public sector, which usually delays payment.

**Strategy 5: Policy to pay a cash dividend of not less than 50 percent of the net profit.** The company paid a cash dividend for the year ending 31 December 2015 to shareholder at 0.18 baht per share, represented to 53.79 percent, on 25 April 2016.

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

**Revenues :** The total revenues of the company in Quarter 3:2016 was 72.50 million baht, compared with last year which was 51.03 million baht; increasing by 21.47 million baht or 42.07 percent. The main reason was the growth of short-term credit products from the strategy No.1-3.

**Expenses:** The total expenses of the company in Quarter 3:2016 was 27.15 million baht, comparing with 20.25 million baht last year; increasing by 6.90 million or 34.07 percent. It was seen that the acceleration rate of expenses was lower than the acceleration rate of revenues, which can be analyzed as follows:

- **Cost of sales** increased by 3.70 million baht, 17.23% of the increase of revenue, mainly due to the increasing of the financial amount, the marketing officer head count and incentive.

- **Administration Expense (Excluding allowance for doubtful accounts)** increased by 4.76 million baht, representing 22.17% of the revenue due to the increasing of relevant tax expenses and increasing of Back Office head count.

- **The financial expenses** of the company in Quarter 3:2016 was 11.57 million baht or 15.96% of total revenues, comparing with 8.03 million baht of the last year or 15.74% of revenue.

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**บริษัท ลีซ อิท จำกัด (มหาชน)**

900/17 ถนนราชดำเนิน 3 แขวงบางโพงพาง เขตยานนาวา กรุงเทพฯ 10120  
โทรศัพท์ 0 2686 3200-4 โทรสาร 0 2686 3228 [www.leaseit.co.th](http://www.leaseit.co.th)





**Net Profit :** The company outcome in the third quarter 2016 is 26.81 million baht (net profit), comparing with last year net profit of 17.96 million baht; representing 49.28 percent increase.

**Total Assets:** Total assets at the end of Quarter 3:2016 is 1,535 million baht, increased by 363 million baht ( 31%), compared with the end of Year 2015 which has total assets of 1,172 million baht due to the increase in accounts receivable.

Even though the historical statistics shown that the third quarter normally was the company's highest season. The company is still confident that in the last quarter of year 2016, the company will also continue to deliver the outcome as promises in order to grow not less than 30 percent, according to the momentum of business activity which still remain from the 3<sup>rd</sup> quarter.

Submitted for your kind acknowledgement.

Best regards,



บริษัท ลีซ อิท จำกัด (มหาชน)  
Lease IT Public Company Limited (Mr. Sompon Aketerajit)  
Managing Director

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