



9 February 2018

LIT 2018/004

Topic Operating Result for 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.2/2018, on 9<sup>th</sup> February 2018, the financial statements and overall operations of the Company in the year 2017; ended on 31<sup>st</sup> December 2017 which has been audited 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 amount 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.

Year 2017, the total finance including the issuance of letter of guarantee was Baht 10,277 million, the achievement with 102.77% of total target, which was the factoring finance amount to Baht 7,264 million, project backup finance amount to Baht 2,416 million, the letter of guarantee and the letter of credit amount to Baht 394 million and other totaling Baht 203 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 year, the total receivable portfolio (before allowance for doubtful accounts) was amount to Baht 2,241 million. Leasing and hire purchase receivables are amounted to Baht 289 million, which decreased by 15% comparing to year 2016 which still couldn't meet the target due to this year's instability of money markets to raise funds for long-term loans. Consequently the Company 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:

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Type of Product	Account Receivable 31/12/2017 (Million Baht)	Account Receivable 31/12/2016 (Million Baht)	Changing Increase (+) /decrease (-) (%)
Trade Finance	15.68	24.08	-34.88
Project Backup Finance	1,044.23	649.75	+60.71
Factoring	892.33	879.50	+1.48
Leasing	190.80	222.97	-14.43
Hire Purchase	97.85	118.32	-17.30
<b>Total</b>	<b>2,240.89</b>	<b>1,894.62</b>	<b>+18.28</b>

**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.

Year 2017, the total revenues of the company was Baht 418.96 million, compared with last year which was Baht 287.19 million; which increased by 45.88 percent. The total revenues from Project Backup Finance and Trade Finance was 196.46 million which accounted to 46.89% 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 year, the company has reserved a total amount of Baht 110.29 million (represent 4.92 percent of outstanding account receivables). This provision in the year amounted to Baht 58.47 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. Also, the Company has to reserve for bad debts cover the age of over 90 days and to comply with Thai Financial Reporting Standards 9 (TFRS9) that will have enter into force on January 1, 2019.

**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 year, the company has a debt-to-equity ratio of 1.30 times that decreased from the last year were was 3.19 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 year 2017 was Baht 418.96 million, compared with last year which was Baht 287.19 million; increasing by Baht 131.77 million or 45.88 percent. The main reason was the growth of short-term credit products from the above strategies.

**Expenses:** The total expenses of the company in year 2017 was Baht 175.54 million, comparing with last year which was Baht 115.42 million; increasing by Baht 60.12 million or 52.09 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by Baht 10.08 million, 7.65% of the increase of revenue, mainly due to the increasing of the financial amount.

- **Administration Expense (Excluding allowance for doubtful accounts)** increased by Baht 15.33 million, representing 11.63% of the increase of 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 year 2017 was 62.09 million baht or 14.82% of total revenues, comparing with 45.02 million baht of the last year or 15.68% of total revenue.

**Net Profit:** The company outcome in the year 2017 is Baht 145.49 million (net profit), comparing with last year net profit of Baht 100.66 million; representing 44.54 percent increase. The company keep generating the highest annually net profit in every quarter since the company established.

**Total Assets:** Total assets at the end of year 2017 is Baht 2,346.28 million, increased by Baht 354.72 million, compared with the end of year 2016 which has total assets of Baht 1,991.56 million due to the increase in accounts receivable.

Submitted for your kind acknowledgement.

  
บริษัท ลีซ อีท จำกัด (มหาชน)  
Lease IT Public Company Limited

Best regards,  
  
(Mr. Sompon Aketerajit)  
Managing Director

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