



10 May 2018

LIT 2018/022

Topic Operating Result for the first quarter of the year 2018

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.5/2018, on 10th May 2018, the financial statements and overall operations of the Company in the first quarter of the year 2018; ended on 31st March 2018 which has been reviewed by the auditors of EY Office Limited, were approved by the Boards.

The Company had set three strategic plans for year 2018 according to Three-Years strategic framework (long-term strategy starting from 2018 - 2020) as followings:

Strategy 1: Focus on Sustainable Growth with an average of 20-30%. This strategy focused on increasing the volume of financing in Factoring and Project Backup Finance with 3 goals as follows:

- 1) Total Revenue \geq 503 MB
- 2) Target Portfolio \geq 2,690 MB
- 3) Financing Amount \geq 13,000 MB

This quarter, the total revenues of the Company in Quarter 1:2018 was Baht 114.00 million represent by 22.66% of target, which increased by 18.38 percent compared with last year. The total receivable portfolio (before allowance for doubtful accounts) was amount to Baht 2,191 million represent by 81.45% of target. And the total finance was Baht 2,780 million represent by 21.38% of target, which increased by 18.96 percent compared with last year. The Company is confident that can achieve the goals according to our experience which the result of operation could increase on the second and the third quarter respectively.

Strategy 2: Increase Competitiveness: With 2 goals as follows:

- 1) Variety of Products: Year 2018, the Company did not issue new products but focused on promoting the Supplier Finance Product.
- 2) Develop Marketing Strategy by using Digital Marketing Channel: In the first quarter of 2018, the Company had use digital marketing channel to find new customers for a period of 2 months (January - February 2018), with the goal of increasing its customer base at least 5%.

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In January - February 2018, the Company was able to open a credit line for new customers through digital marketing channel, representing 6.28%. The Company still focus on using digital marketing channel to find new prospect.

Strategy 3: Risk Management: Year 2018, the Company focused on risk management strategies due to the Company will be rated in Investment grade level (Credit Rating) and to comply with Thai Financing Reporting Standards 9 (TFRS9) that will be effective on January 1, 2019 with 5 goals as follows:

- 1) Reserve the provision of bad debt to 7 percent of outstanding account receivables net of collateral.

Result: For this quarter, the Company has reserved a total amount of Baht 127.38 million (represent 5.8 percent of outstanding account receivables). This provision in the first quarter amounted to Baht 17.08 million.

- 2) Expand Account Receivable for Leasing portfolio

Result: For this quarter, the total finance of Leasing product was increased Baht 2.82 million. It is expected that the volume of loans in this product will increase significantly in the second quarter due to the succession of agreement with the new customer.

- 3) Maintain Debt to Equity Ratio not over 4 times.

Result: This quarter, the Company has a debt-to-equity ratio 1.62 times which still less than the target (4 times)

- 4) Diversify Account Receivables portfolio in each industry less than 30%

Result: This quarter, the Company has the highest portfolio in non-residence building industry represent 23.5% of total portfolios.

- 5) Manage the single lending limit of each customer less than 20%

Result: This quarter, the Company had only one customer who had the single lending limit over 10%, represent 10.67% of total portfolios.

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

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Revenues : The total revenues of the Company in Quarter 1:2018 was Baht 113.64 million, compared with last year which was Baht 96.00 million; increasing by Baht 17.64 million which increased by 18.38 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 1:2018 was Baht 50.33 million, comparing with Baht 36.48 million last year; increasing by Baht 13.85 million or 38 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by Baht 2.16 million, 12% 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)** decreased by Baht 0.39 million due to the effectively of the expenses managing.

Net Profit: The Company outcome in the first quarter 2018 is Baht 36.78 million (net profit) ,comparing with last year net profit of Baht 34.43 million; representing 6.8 percent increase that still be able to make a profit higher than the first and the fourth quarter of last year although it is still a large amount of allowance for doubtful accounts based on the sustainable growth policy.

Total Assets: Total assets at the end of Quarter 1:2018 is Baht 2,577 million, increased by Baht 231 million, compared with the end of year 2017 which has total assets of Baht 2,346 million.

Submitted for your kind acknowledgement.



Best regards,

(Mr. Sompon Aketerajit)
Managing Director

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