



10 November 2017

LIT 2017/032

Topic Operating Result for the third 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.12/2017, on 10th November 2017, the financial statements and overall operations of the Company in the third quarter of the year 2017; ended on 30th September 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 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.

At the end of this quarter, the total finance including the issuance of letter of guarantee was Baht 7,825 million, the achievement with 78.25% of total target, which was the factoring finance amount to Baht 5,538 million, project backup finance amount to Baht 1,779 million, the letter of guarantee and the letter of credit amount to Baht 327 million and other totaling Baht 181 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 2,216 million. Leasing and hire purchase receivables are amounted to Baht 317 million, which decreased by 2.12% comparing to Q3'2016 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 Q3/2017 (Thousand Baht)	Account Receivable Q3/2016 (Thousand Baht)	Changing Increase (+) /decrease (-) (%)
Trade Finance	19,265	25,317	-23.90
Project Backup Finance	962,300	475,314	+102.46
Factoring	917,164	652,544	+40.55
Leasing	205,168	192,818	+6.41
Hire Purchase	111,725	130,942	-14.68
Total	2,215,622	1,476,935	+50.01

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 was Baht 112.99 million, compared with last year which was Baht 72.50 million; which increased by 55.85 percent. The total revenues from Project Backup Finance and Trade Finance was 49.75 million which accounted to 44.03% 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 79.82 million (represent 3.60 percent of outstanding account receivables). This provision in the third quarter amounted to Baht 15.04 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 1.40 times that decreased from the first quarter and the second quarter of this year were was 3.16 times and 1.46 times, respective. 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 3:2017 was Baht 112.99 million, compared with last year which was Baht 72.50 million; increasing by Baht 40.49 million or 55.85 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 3:2017 was Baht 47.76 million, comparing with last year which was Baht 27.15 million last year; increasing by Baht 20.61 million or 75.91 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by Baht 4.85 million, 11.98% of the increase of revenue, mainly due to the increasing of the financial amount.

- **Administration Expense (Excluding allowance for doubtful accounts)** increased by Baht 3.60 million, representing 8.89% 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 Quarter 3:2017 was 14.90 million baht or 13.19% of total revenues, comparing with 11.76 million baht of the last year or 16.21% of total revenue.

Net Profit: The company outcome in the third quarter 2017 is Baht 39.17 million (net profit), comparing with last year net profit of Baht 26.81 million; representing 46.10 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 3:2017 is Baht 2,360 million, increased by Baht 825 million, compared with the end of Quarter 3:2016 which has total assets of Baht 1,535 million due to the increase in accounts receivable.

Submitted for your kind acknowledgement.



Best regards,


(Mr. Sompon Aketerajit)
Managing Director

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