



12 May 2017

LIT 2017/016

Topic Operating Result for the first 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.6/2017, on 12th May 2017, the financial statements and overall operations of the Company in the first quarter of the year 2017; ended on 31st March 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 quarter, the total finance including the issuance of letter of guarantee was Baht 2,337 million, which was the factoring finance amount to Baht 1,746 million, project backup finance amount to Baht 450 million, letter of guarantee amount to Baht 63 million and other totaling Baht 78 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.

This quarter, the total receivable portfolio (before allowance for doubtful accounts) was amount to Baht 1,957 million. Leasing and hire purchase receivables are amount to Baht 352 million, with the growth of 30.6% comparing to Q1'2016. 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 Q1/2017 (Thousand Baht)	Account Receivable Q1/2016 (Thousand Baht)	Changing Increase (+) /decrease (-) (%)
Trade Finance	23,081	20,768	+11.14
Project Backup Finance	750,548	306,983	+144.49
Factoring	831,386	561,407	+48.09
Leasing	236,052	164,894	+43.15
Hire Purchase	115,988	104,722	+10.76
Total	1,957,055	1,158,774	+68.89

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. However, in the uncertainty of economic situation, the company carefully considered to give financing under risk management policies.

This quarter, The total revenues of the company in Quarter 1:2017 was Baht 96.00 million, compared with last year which was Baht 56.38 million; which increased by 70.28 percent. The total revenues from Project Backup Finance and Trade Finance was 41.30 million which accounted to 43.02% of total revenue.

Strategy 4: Target to reserve the provision of bad debt to 2.75 percent of outstanding account receivables net of collateral. For this quarter, the company has reserved a total amount of Baht 56.83 million (represent 2.90 percent of outstanding account receivables). This provision in the first quarter amounted to Baht 5.00 million.

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.

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This quarter, the company has a debt-to-equity ratio 3.16 times. However, the resolution of the Annual General Meeting approved to increase capital for the stock dividend payment and the issuance and offering of warrants to purchase the Company's ordinary shares. As a result, the company will reduce its debt-to-equity ratio.

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 1:2017 was Baht 96.00 million, compared with last year which was Baht 56.38 million; increasing by Baht 39.62 million which increased by 70.28 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 1:2017 was Baht 36.48 million, comparing with Baht 22.45 million last year; increasing by Baht 14.03 million or 62.49 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by Baht 3.37 million, 8.51% 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 Baht 8.29 million, representing 20.92% of the revenue due to the increasing of relevant tax expenses and increasing of operation head count.

- **The financial expenses** of the company in Quarter 1:2017 was 16.61 million baht or 17.30% of total revenues, comparing with 8.46 million baht of the last year or 15.01% of revenue.

Net Profit : The company outcome in the first quarter 2017 is Baht 34.43 million (net profit) ,comparing with last year net profit of Baht 20.04 million; representing 71.79 percent increase.

Total Assets: Total assets at the end of Quarter 1:2017 is Baht 2,029 million, increased by Baht 824 million, compared with the end of Quarter 1:2016 which has total assets of Baht 1,205 million due to the increase in accounts receivable.

Submitted for your kind acknowledgement.

Best regards,



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