



9 November 2018

LIT 2018/145

Topic Operating Result for the third 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.12/2018, on 9th November 2018, the financial statements and overall operations of the Company in the third quarter of the year 2018; ended on 30th September 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 strategy focused on 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 revenues of the Company was Baht 336.59 million represent by 66.92% of target, which increased by 8.70% percent compared with last year. The total receivable portfolio (before allowance for doubtful accounts) was amount to Baht 2,330.48 million represent by 86.63% of target. And the total finance was Baht 8,037.40 million represent by 61.83% of target; increasing by Baht 211.98 million which increased by 2.71 percent compared with last year. Normally, the third quarter is the best quarter of the every year due to the accelerated auction and disbursement of government. For this year, the economy of Thailand improved but it does not directly affect the small and medium enterprises (SMEs). As the result, they also

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 ถนนราม 3 แขวงบางโพงพาง เขตยานนาวา กรุงเทพฯ 10120
โทรศัพท์ 0 2686 3200-4 โทรสาร 0 2686 3228 www.leaseit.co.th



have relatively little competition and still can't growth. However, the Company is confident to continued adaptation to the situation and will continue to grow sustainably under our strategic plan.

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

- 1) Variety of Products: Year 2018, the Company has been aggressive in loan products to supplement its supplier finance. The Company attracted more the SMEs who working for the government to use our service in the Supplier Financing product.
- 2) Develop Marketing Strategy by using Digital Marketing Channel: At the end of this quarter, the Company had use digital marketing channel to find new customers for a period of 9 months (January - September 2018), with the goal of increasing its customer base at least 5%.

In January – September 2018, the Company was able to open a credit line for new customers through digital marketing channel, representing 6.67%. 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, 2020 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 140.49 million (represent 6.03 percent of outstanding account receivables). This provision at the end of quarter 3:2018 amounted to Baht 52.08 million.

- 2) Expand Account Receivable for Leasing and Hire Purchase portfolio

Result: For this quarter, the total finance of both products has a total amount Baht 90.13 million. However, the total finance of both product has decreased Baht 80.90 million represent by 47.03% compared with last year. However, the Company is confident that it will be able to significantly increase its finance leases and hire purchase contracts in the fourth quarter of this year due to the fact that customers and / or partners (debtor) can reach a mutual agreement. As the result, the loan portfolio is in line with the company's strategic goals.

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 ถนนราม 3 แขวงบางโพงพาง เขตยานนาวา กรุงเทพฯ 10120
โทรศัพท์ 0 2686 3200-4 โทรสาร 0 2686 3228 www.leaseit.co.th



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

Result: For this quarter, the Company has a debt-to-equity ratio 1.39 times which still less than the target (4 times)

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

Result: For this quarter, the Company has the highest portfolio in retailer and wholesaler industry represent 29.80% of total portfolios due to the slowdown in construction loans as in line of the diversification of portfolio strategy.

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

Result: For this quarter, the Company had only one customer who had the single lending limit over 10%, represent 10.03% of total portfolios.

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 3:2018 was Baht 120.31 million, compared with last year which was Baht 112.98 million; increasing by Baht 7.33 million which increased by 6.49 percent. The revenue was not growing as targeted due to the Company has restructured its appropriately revenue structure by reducing the expansion of some industry portfolio, not over than 30 percent of the Account Receivable Portfolio, especially the construction sector. In addition, the company has also reduced the acceleration of growth for its Factoring loans which was a high-risk loan in the bad economy for small and medium enterprises (SMEs). However, the Company has encouraged its existing customers with potential growth to use in Project Backup Finance, Bid Bond and LC products significantly.

Expenses: The total expenses of the Company in Quarter 3:2018 was Baht 49.12 million, comparing with Baht 47.75 million last year; Increasing by Baht 1.37 million or 2.87 percent.

Net Profit: The Company outcome in the third quarter 2018 is Baht 38.44 million (net profit), comparing with last year net profit of Baht 39.17 million; Decreasing representing 1.86 percent. Due to the Company has been provisioning for high volumes for the third consecutive quarter to comply with Thai Financing Reporting Standards 9 (TFRS9) that will be effective on January 1, 2020 and the slowdown in revenue mentioned above has also had an impact. However, the company is confident that the improving economy will affect to the

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 ลีส อิท จำกัด (มหาชน)

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



Company's revenue and profitability in the fourth quarter, which is the last quarter of the year. As the result, the Company has continued growth in all time high since the establishment of the company.

Total Assets: Total assets at the end of Quarter 3:2018 is Baht 2,545 million, increased by Baht 199 million, compared with the end of year 2017 which has total assets of Baht 2,346 million.

Submitted for your kind acknowledgement.



Best regards,

(Mrs. Chonticha Supaluxmetha)
Chief Financial Officer

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 อีท จำกัด (มหาชน)

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